SERVING THE TOTAL FOODSERVICE INDUSTRY NOVEMBER 27, 1991

®RESTAURANTS & INSTITUTIONS

What The Top 50 Chains Are Doing About WASTE

Bean Soups

Sicilian Dishes

Ivy Food

No-Bake Desserts

A CLASSIC ▷
CARIBBEAN
BEAN SOUP

More Inside!
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32 R&I EXCLUSIVE: STATUS OF SOLID-WASTE PROGRAMS

How goes the Green Revolution? *R&I* surveyed the top 50 foodservice companies on what they're doing. Some say their programs are paying off in more than just good public relations. Others are bogged down by lack of a market for recycled materials, as well as differing local laws and regulations. Operators interviewed share what it will take for their initiatives to survive.

58 NO-NONSENSE NO-BAKE DESSERTS

For every customer looking for an alternative to rich, baked desserts, there's a creative chef at work concocting desserts not bound for the oven but bound to please. Yogurt treats, poached fruits, mousses, chocolate pasta and spaghetti ice cream are a few of the tempting ideas to be sampled in Taste.

78 ON THE COVER: CHEFS SPILL THE BEANS ABOUT SOUPS

A high nutritional profile has given the lowly bean new status on the menu. Soups made with beans provide a good source of protein without the use of expensive meats in recipes. Adding body to the broth, they make a soup you still can sink your teeth into. The latest recipes out of the bag use new flavor combinations and presentations, such as the scoop of white rice with red pepper in black bean soup featured on our cover.

107 IVY FOOD: ONE GREAT SALMON DISH

R&I Ivy Award winner Victor Gielisse, chef-partner at Actuelle, Dallas, reports that his recipe for a vodka-marinated salmon dish can be simplified for midscale restaurants by substituting less costly ingredients for the vegetable accompaniments. Try it!

117 FALL ROUNDUP OF FOODS AND SUPPLIES

Many new products in this late-autumn review have a "message" about nutrition. Low-sodium soups; fat-free cookie and cake batters; and fresh, frozen and smoked turkey products join recipes and promotions that target young customers with good-for-you news and info.

TASTE: No-bake desserts turn patrons on . . . 58

TRENDS

POLLS SHOW COLLEGE STUDENTS ARE FREQUENT RESTAURANT GOERS

Each week, undergraduate students at four-year colleges eat more than 4 million fast-food meals and pay 3 million visits to full-service restaurants, according to Roper CollegeTrack, a New York-based market research and consulting service.

The CollegeTrack polls students on campus trends, lifestyles and attitudes. The portrait that emerges from this survey is one of a consumer with a high level of disposable income who is a frequent patron of restaurants, a heavy user of credit cards and automatic teller machines, and highly sensitive to environmental issues and advertising.

The following are highlights from CollegeTrack reports.

□ The total college market comprises 9.1 million full-time students: 5.6 million full-time undergraduates at four-year schools, 1.8 million full-time students at two-year schools, and 1.7 million full-time graduate- and professional-school students.

□ Full-time undergrads represent total buying power of $30 billion and total discretionary spending of at least $7.5 billion.

□ In a CollegeTrack study conducted in April 1991, about three-quarters of all undergraduates nationwide reported that they had gone to a fast-food restaurant in the preceding week, and about half had patronized a full-service restaurant. About one-third also said they had called out for food at least once in the past week.

□ Of the approximately 80% of students who said they had eaten at a fast-food restaurant in the past month, one in six say they visit McDonald's, three in 10 go to Burger King, and two in 10 go to Wendy's and/or Taco Bell.

□ Nevertheless, when asked how concerned they are that the foods they usually eat provide proper nutrition, 29% said they were very concerned and 51% were somewhat concerned. Only one in five students expressed little or no concern about nutrition.

□ College students are much more likely than consumers in general to recall having seen advertising or labels promoting environmentally safe products (87% vs. 65%).

□ Fully half of all undergraduates say they have chosen a brand because of an environmental message in an advertisement or on a label.

□ More than four in 10 undergraduates live off campus, and they are more likely to eat out at a full-service restaurant (54% vs. 47%). However, more dorm residents than off-campus dwellers call out for food on a weekly basis.

□ Nearly two-thirds of students have a car with them at school, which means that they have the mobility to go out beyond the environs of their campus.

□ Students are more likely than other consumers to use an ATM (47% vs. 20%) and to use a credit card (41% vs. 34%) in the past week. Two-thirds of undergraduates own at least one credit or charge card. By contrast, 62% of all adults—and just 51% of 18-to 29-year-olds in general—carry credit cards.

□ In a 1990 poll, half of America's college student named pizza as their favorite food, while 25% said Italian was their favorite kind of restaurant.

—*Rajan Chaudhry*

PIZZA REIGNS ON CAMPUS

Asked to cite the most popular food on campus, half of college students picked pizza.

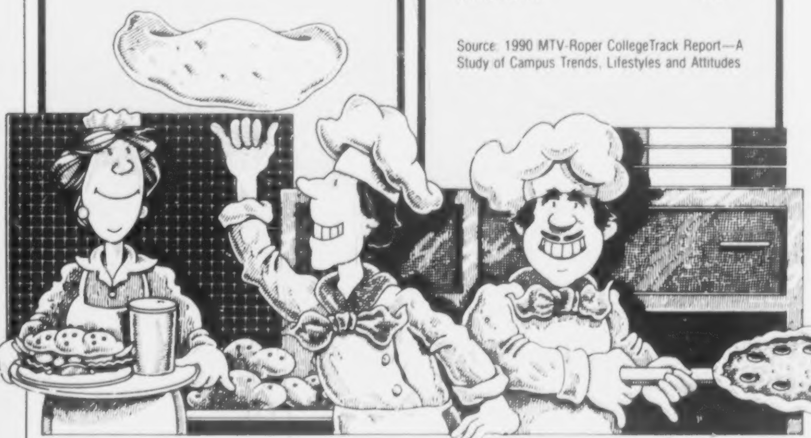
Pizza	50%
Hamburgers	7
Sandwiches	4
Chicken	2
Mexican	2
French fries	2

ITALIAN TAKES TOP HONORS

Asked what kind of food was served at their favorite restaurant, one-quarter of college students said Italian.

Italian	25%
Chinese	16
Seafood	16
Mexican	14
Pizza	13
American	13

Source: 1990 MTV-Roper CollegeTrack Report—A Study of Campus Trends, Lifestyles and Attitudes



OPERATIONS

WHO'S LEADING THE GREEN REVOLUTION?

ONLY FIVE OF THE TOP 50 RESTAURANT COMPANIES HAVE DEPARTMENTS DEDICATED TO ENVIRONMENTAL ACTION. FOR AN $88 BILLION CHUNK OF THE ECONOMY, THAT'S NOT GOOD.

RESTAURANTS & INSTITUTIONS

Roast Beef Sandwiches

By Brian Quinton and Jeff Weinstein

When giant McDonald's gave up the foam clamshell for paper sandwich wrappers, it seemed the foodservice industry was on its way to a green revolution.

McDonald's switch was supposed to herald a new ecological consciousness in the foodservice industry. Customers would sort their refuse. The polystyrene-recycling industry would wither for lack of product. "Green marketing" would sweep the industry, as ads pushed chains' earth-friendliness. And forward-thinking companies would build ecological concern into their corporate structures, signaling that environmental responsibility was as important as the fiscal kind to business in the '90s.

Twelve months later, how goes the revolution?

Much more slowly than expected. An *R&I* survey of the top 50 chains in our 1991 400 ranking found that only five out of 50 have departments of any size devoted solely to overseeing their environmental affairs. Of the companies polled, only McDonald's, Kentucky Fried Chicken, Domino's, Dunkin' Donuts and Walt Disney dedicate one specific department or manager to supervising their total ecological impact. Most of the rest give responsibility for all things ecological to operations or to purchasing, or spread it out among several departments.

The survey results—posted in the accompanying chart—also show that environmental initiatives drop off among the second 25 companies. The major exception here is the lodging chains, most of which piggyback foodservice ecology onto their custodial waste programs.

A PUBLIC AFFAIR

Among foodservice companies, McDonald's, Oak Brook, Ill., has positioned itself at the head of the green brigade with its well-publicized packaging changes and the McRecycle initiative, which commits $100 million to the purchase of products from second-use materials.

McDonald's is also the only company to collaborate with an outside agency on an

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Like Arby's, many companies recycle materials with ready markets such as corrugated cardboard. Ironically, that high recycling rate drives down the price for such items in some markets, making it less cost-efficient.

ENVIRONMENT

	McDonald's	Burger King	KFC	Pizza Hut	Hardee's	Wendy's	ARA	Marriott Mgmt. Svcs.	Domino's	Taco Bell	Dairy Queen	Red Lobster	Sheraton	Denny's	Arby's	Little Caesars	Canteen	Marriott Lodging	Caterair*	Hilton Hotels	Subway	Service America	Big Boy*	Shoney's	Jack In The Box
RECYCLING																									
Non-food paper	●	●						●	●	●			●					●			●			●	
Food wrap		●						●	●																
Polystyrene foam	●		●		●	●		●			●	●	●	●								●			
Aluminum, tin, glass	●		●				●	●	●	●	●	●	●	●		●	●	●		●	●	●			
Packing paper	●	●					●	●	●	●			●			●		●		●	●				
Corrugated cardboard	●	●	●	●	●	●	●	●	●		●	●	●		●	●		●		●	●	●		●	●
Fryer oil	●	●			●	●		●			●	●	●												●
Recycled material use:																									
Non-food paper	●	●	●		●	●		●	●	●	●	●	●	●	●	●					●			●	●
Food wrap					●				●																
Recycled content in supplier packaging	●	●	●		●	●		●	●	●	●	●			●	●									●
REDUCTION																									
Reduce supplier packaging	●	●	●	●	●	●	●	●			●	●		●	●	●					●				●
Bulk pack items	●	●		●	●	●	●	●				●	●		●	●				●	●				●
In-store reduction:																									
Reduce food packaging	●	●	●		●	●		●	●		●	●			●	●					●				●
Eliminate some packaging	●	●				●		●				●			●	●									
Alter packaging material	●	●	●		●	●		●			●				●	●					●				●
Replace polystyrene foam	●	●				●		●	●				●		●	●	●								●
Reduce paper volume	●	●	●		●	●	●	●			●	●			●	●									●
Cut single-wrap items					●			●								●									
Condiments in bulk/on demand	●				●						●				●	●									
Supplies on demand							●				●														
Drop chlorine-bleached paper	●	●	●			●			●				●	●	●	●				●					
REUSE																									
Utensils, wares				●				●				●	●							●					
Permanent cups				●			●	●				●	●							●					
Other service changes	●					●		●				●									●				
DISPOSAL																									
Composting		●	●					●				●													
Compacting	●	●			●	●		●			●	●	●		●					●	●				
On-site incineration								●																	

*Did not answer survey. Source: Information from individual companies. © *Restaurants & Institutions*

Sizzler *	Dunkin' Donuts	Hyatt Hotels	Holiday Inn *	Long John Silver's	Choice Hotels *	7-Eleven	Ponderosa *	Baskin-Robbins *	The Olive Garden	Morrison's Custom Mgmt.	Carl's Jr.	Popeyes *	Westin Hotels	Friendly *	Bonanza *	Inter-Continental	Church's *	T.G.I. Friday's	Walt Disney World	Perkins	Ogden Svcs. *	Bennigan's *	Dobbs Intl.	Chi-Chi's
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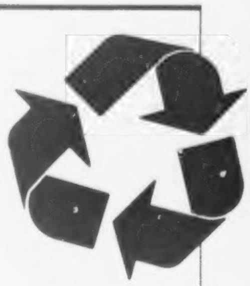

R&I'S FIRST EXCLUSIVE SOLID-WASTE SURVEY

For this first-ever ranking of who's doing what, environmentally speaking, *R&I* contacted the top 50 foodservice companies in its annual 400 ranking. We asked whether the company had the environmental initiatives listed on the chart's left margin in rollout or in test, either systemwide or in smaller segments of the chain—among company-owned stores, for instance, or among one or more franchisees.

The chart at left makes no distinction between test projects and systemwide policies: The editors' aim is to provide a base-line look at where the industry's sales leaders stand now in the drive for solid-waste solutions. Since the survey's focus is foodservice waste, the chart does not include office waste reduction or recycling programs at company headquarters. Programs at commissaries or distribution centers are included if they involve foodservice packaging, shipping or waste.

ENVIRONMENT

CONFLICTING INFORMATION ON SOLID-WASTE ISSUES PREVENTS SOME CHAINS FROM TAKING ACTION. PAPER OR POLYSTYRENE? THERE'S NO CONSENSUS.

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ecological study. That joint project with the Environmental Defense Fund resulted last April in 42 current or planned moves to test source reduction, recycling, reuse and innovative waste disposal.

But Marriott Corp., Washington, while not publicizing its efforts as well as McDonald's, is as environmentally active as the burger giant, responding "yes" to 23 of the 27 initiatives on *R&I*'s survey. For instance, to reduce food waste, its Management Services division is purchasing more precut and cleaned produce. Many accounts also are going back to cloth cleaning rags because they can be laundered and reused.

Walt Disney World, Orlando, Fla., produces 35% of the energy it consumes by burning nonrecyclable trash. The company, which already recycles in the back of the house, is currently researching ways to get visitors to recycle the waste of 80 million meals and snacks consumed annually in its theme parks.

Another active company is Orlando, Fla.-based Red Lobster. The General Mills-owned chain has eliminated all paper products from the dining room and has contracted with a glass recycler in the Southern California market. Among other creative projects, every unit is reusing the ink cartridges for computer printers.

RECYCLE, REDUCE, REUSE

As the survey shows, most of the others are implementing, or at least testing, some form of solid-waste solution—usually recycling, reduction and reuse programs.

Recycling. Most of these efforts begin with recycling, which holds out the prospect of reduced waste-carting costs and landfill tipping fees by thinning a store's waste stream. The most widely mentioned recycled item is corrugated cardboard. Atlanta-based Arby's stores, for instance, recycle 150 pounds of corrugated cardboard a week. Some chains, such as Domino's, arrange to have their suppliers back-haul cardboard to their plants in areas where trash haulers are reluctant to pick up cardboard for recycling.

The Ann Arbor, Mich.-based pizza giant also recycles its takeout boxes. The octagonal box, reconfigured from a square to save 10% on materials, is a hot item with customers. Many operators offer a bounce-back coupon that pays customers 25 cents for each pizza box they recycle. Domino's Environmental Coordinator Larry Hull says 20% to 30% of franchisees' customers participate in the program.

Red Lobster recycles fryer oil in almost every unit. Grease is poured into a lockable 55-gallon square bin behind the restaurant. A tanker truck from a recycling company comes by regularly to siphon out the grease and clean the bin. The grease is recycled to produce, among other things, dog food and makeup.

Reduction. Red Lobster also has rolled out one of the industry's largest waste-reduction programs. The chain expects to reduce front-of-the-house trash by 4.7 million pounds per year systemwide by switching from paper place mats and napkins to linen ones. (The cost of leasing and laundering linens is six times that of using paper.)

As part of ARA Services' "Earth Sense" campaign, 28,000 refillable mugs have been sold to clients. At one hospital account with 500 employees, this action has eliminated 1,500 disposable cups a day. This action saves the hospital $10,000 a year, ARA says. The mugs range in price from $35.25 per case of 32 22-ounce mugs to $106 for a case of 100 12-ounce mugs. Philadelphia-based ARA uses the money generated for a variety of environmental programs.

Reuse. Subway is working with a meat supplier whose cartons can be transformed into carryout trays. Customers are encouraged to bring the tray back for further reuse. A box is good for four or five uses before losing its integrity, executives for the Milford, Conn.-based chain say.

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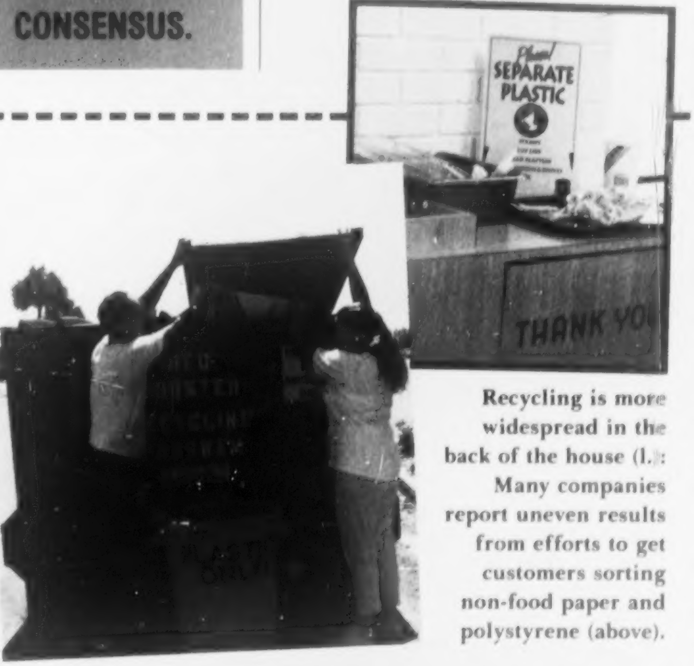

Recycling is more widespread in the back of the house (l.): Many companies report uneven results from efforts to get customers sorting non-food paper and polystyrene (above).

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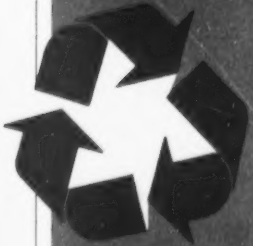
CAPABILITIES MUST KEEP PACE WITH POTENTIAL.



FOR EXAMPLE, KFC FOUND THAT 80% OF ITS SOLID-WASTE STREAM COULD BE COMPOSTED. NOW ALL IT NEEDS IS A COMPOSTING INDUSTRY.

International Dairy Queen, Bloomington, Minn., sends the packaging for delicate waffle cones back to the manufacturer for reuse around later shipments of cones.

Composting. In composting, organic wastes are broken down naturally and processed into soil enhancers. It is expected to become an important resource-recovery technique, capable of transforming up to approximately 80% of foodservice trash into soil enhancers, according to Glenn White, a senior packaging engineer in KFC's research department. But the industry is still in its very early stages, and only a handful of major chains are testing composting programs.

This summer, Louisville, Ky.-based KFC conducted a three-week composting test in eight Massachusetts units, hauling presorted trash to a composting site in Maine. A KFC supplier underwrote the test, which turned store garbage to usable compost in 45 days. "We found that 80% of our waste stream is compostable," says White. "That should be the case in most fast-food restaurants."

A complete composting infrastructure is still five years away, according to White, making cost calculations rather theoretical now. But he believes landfill closures and climbing tipping fees will make composting competitive. "Besides, this is a long-term thing," he says. "We're proving that we can make it work operationally, so that when the composters get their ducks in a row, we're ready for them."

WHAT'S THE PROBLEM?

These are all admirable efforts, and, taken together, they show that the 50 industry sales leaders are pursuing a range of options for becoming better planetary citizens. But the chart of these efforts still shows a disturbing amount of blank space, and a surprising number of big companies testing three programs instead of 13 or 30.

WHEN OPERATORS TALK ABOUT WASTE . . .

Many of the top chains cite suppliers as the No. 1 source of their best waste-reduction ideas. A June 1991 survey by the International Foodservice Manufacturers Association identified operators top solid-waste concerns:

1. The need to eliminate excessive packaging.
2. Rising disposal costs.
3. Negative consumer perceptions.
4. Need for recycled content in packages and shipping containers.
5. Impending legislative restrictions on packaging.
6. Limits on trash storage space.
7. The mechanics of setting up recycling or reuse programs.
8. In-house waste separation.
9. Finding out what is recyclable.
10. The desire to make all disposables biodegradable.

Why aren't more companies trying to recycle in the front of the house? Or looking for ways to reduce the number of individually-wrapped items? Why is only 0.002% of foodservice polystyrene now being recycled? Why haven't more chains dropped chlorine-bleached paper? In other words, what's holding up the green revolution?

Technological confusion. Years of conflicting expert opinion and lobbying by interested parties make it harder than ever to answer some solid-waste questions, which tends to freeze some companies into inaction. The paper vs. polystyrene foam debate hinges on which part of the product's life cycle is studied. Paper takes up less landfill space and is biodegradable in theory—when exposed to sunlight and the elements; but foam makes less trash by weight, and its manufacture consumes less energy and creates fewer harmful by-products. Paper can be recycled. So can foam—but under current Food and Drug Administration guidelines, not into packaging that comes in direct contact with food.

This confusion is one reason most companies do not advertise the ecological steps they're taking. The feeling is, just *do* it, whatever it is, and let the customers who care know that you're doing it. But don't shout it from the rooftops, or you might wake up one day to find a panel of experts holding a press conference about your impact on the nation's rivers and old-growth forests.

Domino's exemplifies the low-profile approach to ecology. "We've seen what happened to other companies that started waving banners," says Hull. "It turns out more negative than positive. People start turning a magnifying glass on them and saying, 'What about this, this and this?' We just do these things, get them under our belt, so that when the glass is turned on us someday, we'll look pretty good."

Markets for recycling. A more important obstacle to greener dining, say many of the chains surveyed, is the incompleteness of the current solid-waste infrastructure. The right market conditions for recycling currently do not exist in many parts of the country, making it tough for national chains to implement cost-efficient national policies on reprocessing their solid waste.

Once again, polystyrene foam stands out. The food-related polystyrene-recycling industry is in a very early stage of development. Even among the growing ranks who say it can be recycled, foodservice polystyrene has a reputation for being tough to recycle because so few processing facilities currently exist: Only 13 reprocessors now

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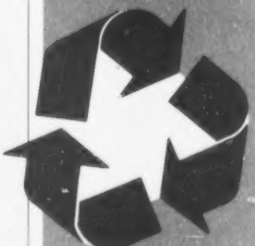
DOMINO'S LOW-PROFILE APPROACH TO ECOLOGY SAYS:



IF YOU PRACTICE IT, THEY WILL COME.

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handle polystyrene that has been in contact with food, far fewer than the number recycling and remaking other plastics. Add to this scarcity the cost of teaching customers to sort the recyclables, or of having employees do so in the back, and these figures can put a big dent in any operator's projected cartage savings.

Success has its problems, too. The high 30% to 50% recycling rate for corrugated cardboard is undercutting the price of that commodity, discouraging further recycling. "When we started testing recycling, cardboard was $40 a ton," says Michael Murphy, director of consumer affairs for Randolph, Mass.-based Dunkin' Donuts. "Now it's $20 and falling. It's down to $5 a bale in this area. That's almost more than it costs to bale it." He now is considering getting the franchisee-run distribution centers to dedicate some trucks to hauling cardboard rather than paying someone else.

Even a Dunkin' Donuts test that got consumers to recycle 70% of front-of-the-house waste was discontinued because it did not offset the special handling and hauling costs. "Our franchisees want a cost-neutral program," Murphy says. "We had hoped we could lop enough off the weekly waste pickup to bring costs down to that level." But the income from the sale of recyclable material just did not offset the special handling and hauling costs.

Economic considerations. "Cost neutral" is the key term for ecology in a sluggish economy. Most chains report they are not really determined to pay *less* for recycling; they just don't want to pay *more*. As Arby's Will Fisher, vice president of technical services, says, "We're not putting stuff out at the curb in order to get a check at the end of the week. But if a hauler comes once a month and charges too much, the store managers will balk."

Those balky managers also make companies think twice about the availability of recycled product, further impairing the steady growth of the recycling industry. White says KFC's "single greatest concern" about going to a recycled-paper chicken bucket is the fear of a shortage of recycled paper. "It would be sad to have to switch back six months later," he says. "We want to be sure that when we change, it's a long-term decision."

Unfortunately, the unformed state of the post-consumer infrastructure means that participants might indeed come out in the loss column—until precisely such big companies as those polled for this article begin getting involved. Their publicized commitment to and active participation in solving the solid-waste problem could do a lot to foster the growth of the infant solid-waste-handling industry.

HOW GREEN IS THE PUBLIC?

No one's saying that ecology has dropped off the consumer's radar screen. But chains in the *R&I* survey say environmentalism is mellowing into just one more criterion for many customers, right along with price/value, convenience and nutrition.

Every year since 1986, the research firm Yankelovich Clancy Shulman, New York, has reported the group who says it is "concerned about the environment" has grown larger, to 29% of Americans in '90 from 16% in '86. Every year but this one, that is: This year, the proportion dropped back to 24%. Meanwhile, an August *Wall Street Journal* poll said eight in 10 American voters call themselves "environmentalists," but only five in 10 translated that belief into action by buying a green product during the previous six months.

Easier said than done. Chains point to this dichotomy to explain the lack of consumer-targeted recycling programs. Chains that have tried to get customers to sort their in-house trash report discouraging results. Los Angeles-based Carl's Jr. tested volun-

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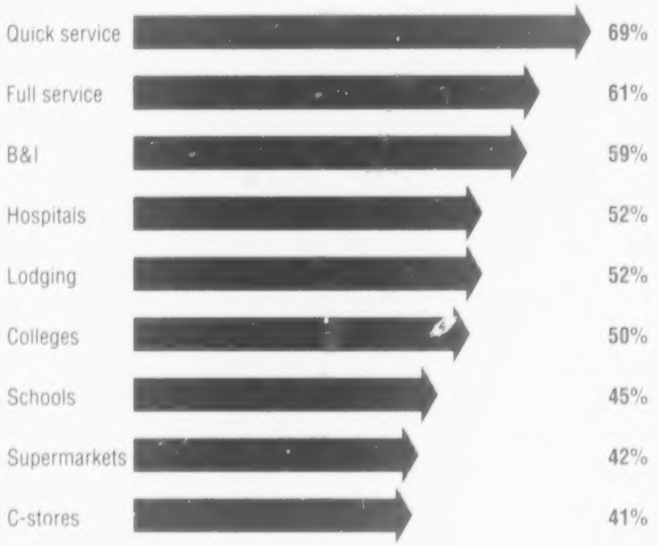
SUPPLY-SIDE ECOLOGY

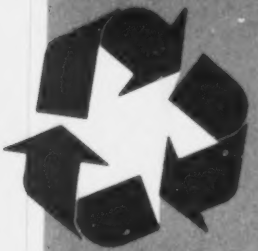
More than two-thirds of fast-food suppliers report working to slow clients' back-door waste stream by reducing package weight and/or volume.



Source: IFMA 1991 Solid Waste Audit

ENVIRONMENT

MANAGERS AREN'T ECOLOGISTS— NOR SHOULD



THEY HAVE TO BE. THEY NEED INFORMATION ABOUT SOLID-WASTE OPTIONS.

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tary paper and plastic recycling in its dining rooms, but discontinued the project in the face of irregular cooperation. Fisher says Arby's test of polystyrene-foam recycling got 80% customer participation in some stores, but only 40% in others. "It was too unpredictable," he says. "Surveys showed 80% of our customers felt good about what we were doing. But between what people say and what they *do*—it was eye-opening."

Still, some companies, notably McDonald's and Burger King, say they will keep testing consumer recycling despite less-than-total compliance, and in the face of the old argument that half of fast-food waste goes out the drive-thru window.

Rules and regs. In a sense, what they say about politics holds true for ecology, too: It's all local. Laws and regulations differ, as do market conditions; and franchisees often must be persuaded, not presumed interested. But experts inside and outside of foodservice think broad statewide waste laws will emerge from the present localized confusion, forcing both the markets and the franchising rules to change.

PREPARING FOR ACTION

Preparing for these coming effects demands a highly centralized effort *now*. For one thing, many companies are in relative darkness about the size and nature of their own waste stream, and it takes a highly organized, unified effort to analyze a company's trash output. McDonald's found that 80% of its waste came from behind the counter; that might not be true of another chain.

Spread the word. Once the waste problem is described, companies must find out what individual stores are doing now to solve it and then spread that expertise among other operations. Unit managers and franchisees aren't solid-waste experts, nor should they have to be. They should be able to draw on corporate headquarters as a clearinghouse for data and practical suggestions. For example, ARA put its accounts into an environmental database and linked managers to a consultant hot line with advice on waste haulers and recyclers around the country.

Instead, as noted earlier, most companies spread ecological responsibilities out among several departments or hand them to executives with other duties, such as purchasing and operations. All too often, those other tasks demand active management, daily decisions and round-the-clock monitoring. Put next to these more urgent, less abstract concerns, environmental issues can fade into invisibility. They demand special scrutiny, a long view though a wide-angle lens.

Ecological ombudsmen. Without a designated ecology ombudsman, you "risk losing your focus on environmental initiatives," says Domino's Hull. "The environment is always in the background, and you know you ought to be paying more attention to it. But if it's not screaming at you, you naturally turn to the things that are, whether it's government regulation or minority employment or minors in the workplace. You tend to pick up the pot that's boiling over."

Environmental solutions don't always balance out on the profit-and-loss statement. When managers have to decide which of two competing projects is worth their scarce resources, says KFC's White, they often choose the one with the most clear-cut return on investment—and ecology is never clear-cut. "It's so difficult to quantify ecological values, to put your hands around something real," he says. "Many people are just more comfortable going straight to the bottom line."

"A lot of these changes involve a whole range of functions within the company," adds KFC spokesman Dick Detweiler. "Dedicated people, whose sole job is to be advocates for a more ecologically sound company, can be engines for driving the cause." **R&I**

LET *R&I* HEAR FROM YOU

To compile this survey, the editors gave each company a one-page list of recycling programs, source-reduction measures, disposal innovations, the introduction of reusables and in-store ecology. The chains were asked to check off those initiatives in which they or any of their franchisees were currently engaged. Where necessary, editors followed up that questionnaire with at least three phone contacts, and usually more.

Despite these efforts, some companies did not respond to our questions—and their columns are blank. In addition, because of a lack of a single corporate office or administrator for environmental affairs, some of our respondents might not have been fully informed about waste programs in their companies. If any of the companies contacted for this article would like to update the status of their waste programs or believe they have been misrepresented, they can reach *R&I* Editor-in-Chief Michael Bartlett by calling (708) 635-8800; or they can contact the magazine by fax at (708) 635-6856.

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BUSINESS OFFICES

Mark A. Strauss, National Sales Director. **Chicago:** Alana Vondrak, National Sales Coordinator; Candice J. Hammett, Regional Manager; David Weil, Regional Manager; Patricia McGowan, Recruitment/Classified Advertising Manager, Cahners Plaza, 1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5080. Phone: (708) 635-8800. **Stamford:** William Lazar, Regional Manager, 8 Stamford Forum, P.O. Box 10277, Stamford, CT 06904-2277. Phone: (203) 328-2547. **New York:** Michael Cardello, Regional Manager and National Sales Manager/Beverage Alcohol, 249 W. 17th St., New York, NY, 10011-5301. Phone: (212) 463-6480. **Cleveland:** Jerry Stiegler, Regional Manager, 1621 Euclid Ave., Cleveland, OH 44115-2186. Phone: (216) 696-1800. **Atlanta:** Thomas McElhinny, Regional Manager, Suite 395, 6520 Powers Ferry Rd., Atlanta, GA 30339-2911. Phone: (404) 955-6500. **San Francisco:** John Barkan, Regional Manager, 410 Pacific Ave., San Francisco, CA 94133-4631. Phone (415) 397-0941. **Los Angeles:** Rebecca Roberts, Regional Manager, 18818 Teller Ave., Suite 210, Irvine, CA 92715-1679. Phone: (714) 851-9422. **Japan:** Kaoru Hara, Dynaco International Inc., Suite 1003—Sun-Palace Shinjuku, 8-12-1 Nishishinjuku Shinjuku-ku, Tokyo 160, Japan. Phone: (03) 366-8301.

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R&I's 23rd Annual JOB$ SURVEY

A Guide To Rating Your Salary & Benefits Package

Southern Exposure: Catfish, Shrimp And Spoon Bread

How To Give Your Menu Southern Accents

FLAVOR-FRIENDLY
PORK
MAKE IT SPICY, FRUITY, SAVORY OR HOT

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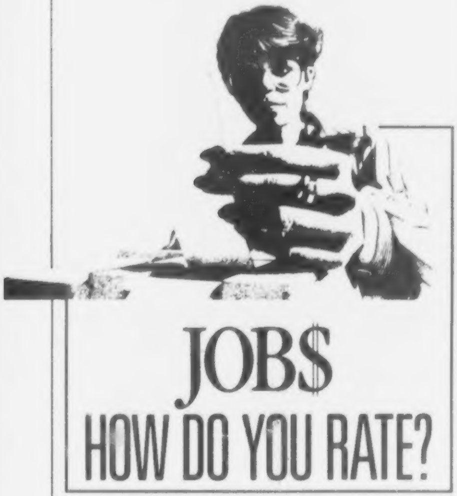

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26 R&I EXCLUSIVE: RATING YOUR JOB AND ITS WORTH

Only 47% of respondents to *R&I*'s 23rd annual Job$ Survey reported satisfaction with their last raise—that's down 10% from last year. Leading reasons for the drop: According to survey verbatims, belt-tightening companies froze salaries and delayed promotions, but increased responsibilities. To get at the prevailing attitudes of foodservice professionals about their jobs, our special report employs demographic profiles and personal interviews.

50 ON THE COVER: 'OLD TIMES THERE ARE NOT FORGOTTEN'

The cooking of the old South boasts rich, sumptuous fare. The cooking of the new South preserves the traditional textures, flavors and ingredients in new and contemporary recipes—while cutting the calories of original dishes. Southern standbys, such as the spoon bread and grilled catfish shown on the cover, are updated in recipes featured in Taste. Fiddle-dee-dee!

64 FLAVOR-FRIENDLY PORK RECIPES

Pork always has been a great carrier of flavor. Now celebrity chefs and regional cooks are going hog-wild in developing recipes for pork's new nutritional profile. Gingered Pork Tenderloin by Chef Victor Gielisse and Roasted Pork Loin with Persimmon Stuffing by Chef Dave Foegley are among the recipes presented in Food.

75 PRODUCTS FOR DECEMBER FOOD DECISIONS

A line of frozen soups, holiday hams and frozen Southwestern entrees make winter menus easy to develop. This issue's Product Catalog has a wide variety of other convenience foods, as well as news about heart-healthy menus and an egg-handling safety video.

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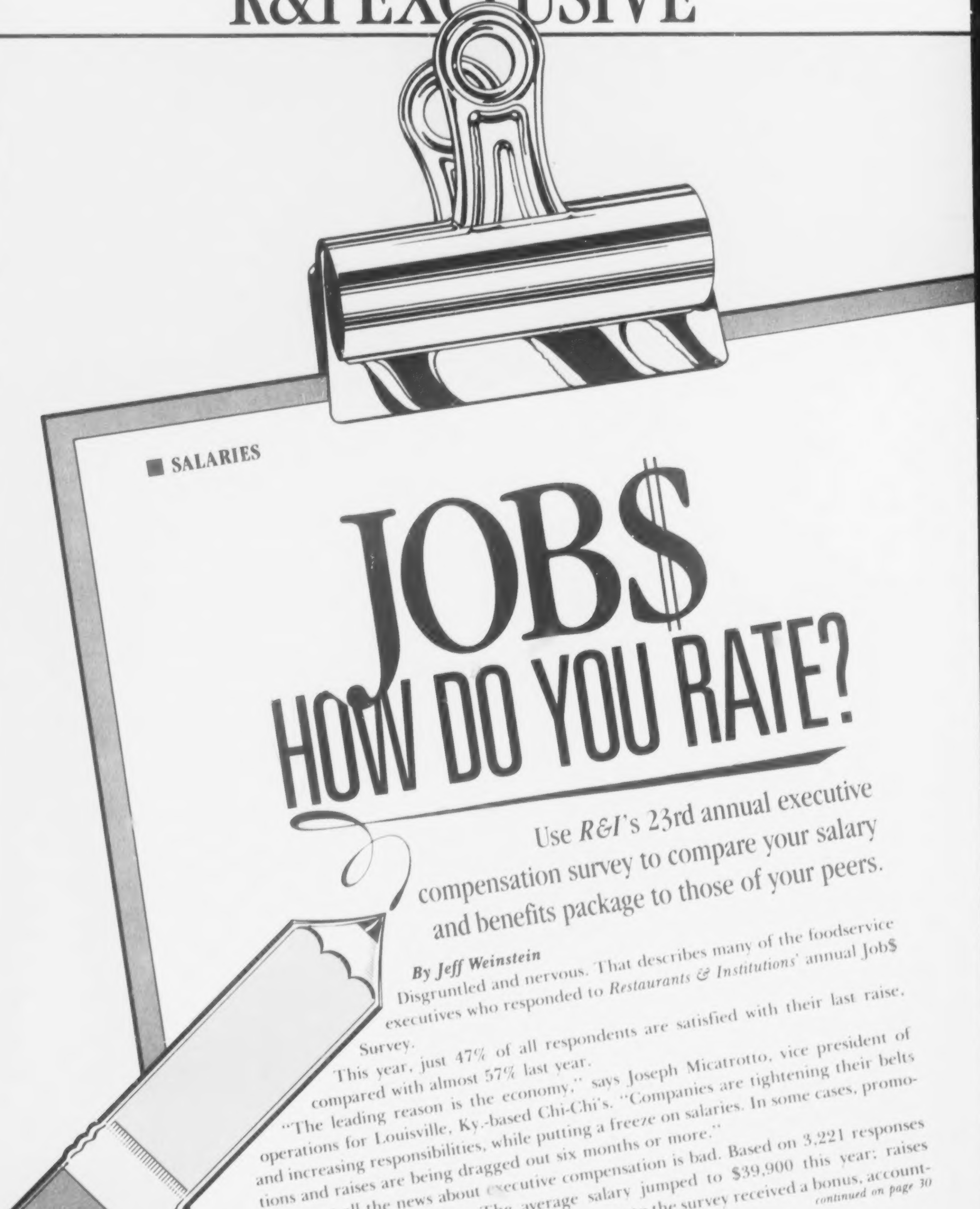
TASTE . . . 50
Hoppin' John and other historic Southern dishes aren't gone with the wind, just reconstructed for today's menus.

®R&I EXCLUSIVE



■ SALARIES

JOB$
HOW DO YOU RATE?

Use *R&I*'s 23rd annual executive compensation survey to compare your salary and benefits package to those of your peers.

By *Jeff Weinstein*

Disgruntled and nervous. That describes many of the foodservice executives who responded to *Restaurants & Institutions*' annual Job$ Survey.

This year, just 47% of all respondents are satisfied with their last raise, compared with almost 57% last year.

"The leading reason is the economy," says Joseph Micatrotto, vice president of operations for Louisville, Ky.-based Chi-Chi's. "Companies are tightening their belts and increasing responsibilities, while putting a freeze on salaries. In some cases, promotions and raises are being dragged out six months or more."

But not all the news about executive compensation is bad. Based on 3,221 responses to the 1991 Job$ Survey: The average salary jumped to $39,900 this year; raises averaged 5.08%; more than 47% of respondents to the survey received a bonus, account-

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CREATIVE GOURMETS

1991 INDUSTRY AVERAGE

$39,900	Base salary
5.08%	Last pay increase
47.4%	Satisfied with last raise
47.2%	Received bonus
7.86%	Bonus as % of compensation
1.88	Years since last promotion
29.3%	Moonlight
14.2%	% of income from second job
16.6	Years in industry
6.77	Years in current position
66/34	Male/female ratio
39.5	Age
55.8%	College degree
66.1%	Married
2.39	Number of children

Many executives say their workload is growing faster than their pay.

JOB$ '91

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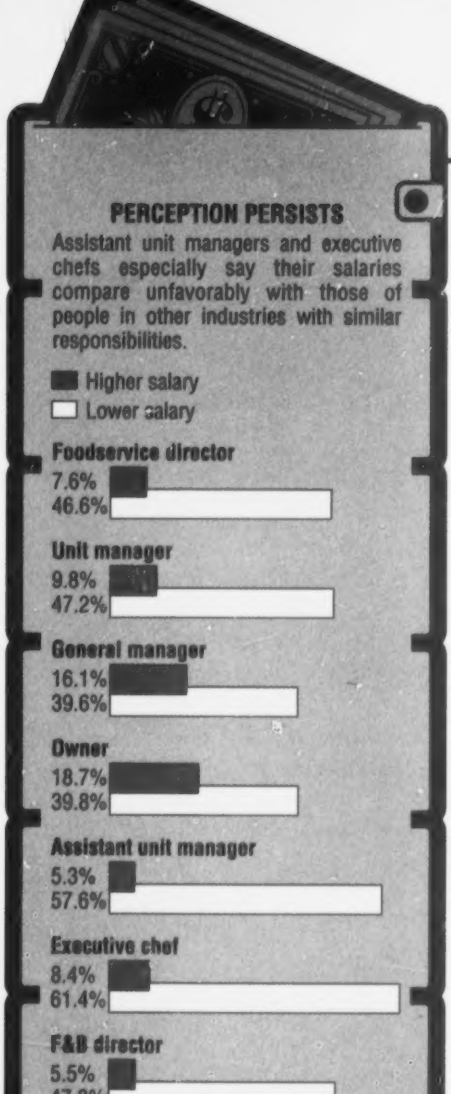

PERCEPTION PERSISTS

Assistant unit managers and executive chefs especially say their salaries compare unfavorably with those of people in other industries with similar responsibilities.

Source: 1991 *R&I* Job$ Survey

The average raise for CEOs and presidents fell below 5% in 1991.

ing, on average, for 8% of their total compensation. And when asked where they'd like to be in five years, 20% of the respondents say they are happy where they are now; 52% want to improve their lot within the industry; and 17% want out altogether.

For this article, *R&I* used survey data to assemble income and demographic profiles for 12 executive positions. Along with the profiles, professionals in those positions speak out about compensation and the issues affecting their careers in foodservice.

PRESIDENT/CEO

Base salary: $63,000
Last pay increase: 4.3%
Satisfied with last raise: 76.5%
Received bonus: 65.4%
Bonus as % of salary: 12.6%
Years since last promotion: 1.8
Moonlight: 31.8%
% of income from second job: 18.5%
Years in industry: 19.0
Years in current position: 10.2
Male/female ratio: 86/14
Age: 48.7
College degree: 64%
Married: 67.9%
Number of children: 2.65

What a difference a year makes. The average raise in this category fell from 6.9% in 1990 to 4.3% in 1991, according to Job$ Survey results. The percentage receiving a bonus fell to 65.4%, down from 75.8% a year ago.

"Sales haven't been as good, so companies don't justify as much compensation," says Craig Bothwell, president of Mazzio's Corp., Tulsa, Okla. "It's a big hurt when presidents don't get their bonus because most companies keep base salaries down with the upside on bonus. If they don't get their bonus it might cut earnings in half—a major blow."

Such is not the case for Bothwell, however. His ability to improve sales has enabled him to raise his income both this year and last. After a couple of years where he actually made less than before becoming president, Bothwell made a 25% bonus last year and expects a 30% bonus in 1991.

Industrywide, presidents and CEOs are more concerned about job security than compensation, according to Bothwell. "There aren't many presidents who feel undercompensated. But the pressure to perform on a quarterly basis is tremendous.

"That has been the case for four years now," he adds. "And once you're under pressure, it's hard to perceive extra stress. It's something you get used to."

OWNER

Base salary: $53,800
Last pay increase: 4.2%
Satisfied with last raise: 57.5%
Received bonus: 47.6%
Bonus as % of salary: 10.4%
Moonlight: 31.3%
% of income from second job: 17.6%
Years in industry: 19.5
Years in current position: 11.6
Male/female ratio: 83/17
Age: 44.3
College degree: 51%
Married: 81.4%
Number of children: 2.64

Are we having fun yet? Most owners don't think so. "The very successful owners are satisfied, but a majority are concerned and hoping for a jump in business," says Jimmy Britt, owner of Blazers, Greenwood, S.C.

"I don't take a salary right now and hear of very few owners who are giving themselves a raise," says Philippe Marcelis, owner of Panache in Santa Monica, Calif.

For Marcelis, sales are off 20% to 25% from last year. So he has cut staff and shortened the hours of operation, doing more work himself.

While Marcelis has problems, they haven't dampened his enthusiasm. He says his zeal for the business remains strong, and he is optimistic that business will pick up within six months.

At Bayona in New Orleans, chef-partner Susan Spicer says she is very satisfied with her compensation. After 20 months in business, Spicer is glad to report she has profits to divide quarterly with her partner. She adds that she could be taking more money out of the business but prefers to

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JOB$ '91

The biggest concern among foodservice directors is job security.

BALANCING BENEFITS

With the exception of profit sharing and stock options, institutional executives receive a more well-rounded set of benefits compared to their commercial counterparts.

Benefits received	Comm.	Inst.
Paid vacation	88.0%	92.1%
Medical insurance	82.9	92.1
Dental insurance	49.6	66.2
Disability insurance	44.4	61.3
Education reimbursement	28.1	63.9
Pension plan	24.6	68.0
401(k) plan	19.9	28.7
Relocation costs	23.5	20.0
Profit sharing	26.5	10.7
Flex time	15.0	21.6
Stock options	15.3	11.3
Paid maternity leave	7.3	18.0
Child-care subsidy	1.5	8.3
Life insurance	3.4	3.9

Benefits you want	Comm.	Inst.
Dental insurance	24.1%	21.1%
Optical insurance	6.4	14.3
Medical insurance	9.1	2.3
Pension plan	27.1	10.5
401(k) plan	16.0	4.7
Profit sharing	15.5	6.2
Stock options	8.9	2.8
Education reimbursment	7.1	7.7
Flex time	2.4	5.5
More vacation time	2.1	2.7

Source: 1991 *R&I* Job$ Survey

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reinvest it in the kitchen.

"To me it's more personal," she says. "I enjoy creating and putting my mark on something. There are other forms of compensation besides monetary."

Other owners, however, express frustration. James Russo, partner at Blake's, a midscale, casual restaurant in Cincinnati, is feeling the pinch. "Everyone is downscaling into my niche, and we are getting squeezed," says Russo. "Everyone is jumping into the 'casual' water. Maybe it's time to jump out, because it is getting too crowded in this segment."

FOODSERVICE DIRECTOR

Base salary: $36,700
Last pay increase: 4.7%
Satisfied with last raise: 56.8%
Received bonus: 23.7%
Bonus as % of salary: 4.3%
Years since last promotion: 1.9
Moonlight: 29.8%
% of income from second job: 11.9%
Years in industry: 18.2
Years in current position: 7.5
Male/female ratio: 37/63
Age: 43.1
College degree: 69%
Married: 69.4%
Number of children: 2.47

About 85% of the foodservice directors responding to the survey come from the health-care and education segments, where the biggest concern is job security.

"At any minute, a contract-management company could come in and take over," says Ruby Puckett, director of food and nutrition services at the University of Florida's Shands Hospital, Gainesville. "There's a lot of that going on. And no matter how good I am, this is still my biggest fear."

At the Glastonbury, Conn., public school district, some managers haven't received raises in more than a year and are just happy to have jobs, according to Foodservice Director Brad Devlin. "Given the economic climate in Connecticut, many school foodservice directors are satisfied with a freeze in pay this year," says Devlin. "Directors who haven't had programs taken over by contractors consider themselves lucky to have a job."

Attitudes about compensation reflect the uneasiness among foodservice directors. Barbara Clement, director of food and nutrition services at Good Samaritan Hospital & Medical Center in Portland, Ore., says she is adequately paid. "But when I look at my pay in relation to other positions in the hospital, I feel there is a great disparity," she says. "Because of downsizing, we are being asked to do more and the pay is growing disproportionate to the work."

Puckett adds that economic problems and downsizing in health care are shrinking raises, too. "The money just isn't there, and it will get worse before it gets better," she says.

While there might be some concern about job security in schools and colleges, the compensation picture is changing for the better, according to Devlin.

Devlin adds, "If we can survive the next few years without being taken over by a contractor, our specialized skills with nutrition and lobbying for entitlements will give us a foothold for negotiating a better compensation package. There's no reason we should be paid less than a midrange teacher, who makes about $52,000 in my district."

FOOD & BEVERAGE DIRECTOR

Base salary: $39,900
Last pay increase: 5.4%
Satisfied with last raise: 43.8%
Received bonus: 63.6%
Bonus as % of salary: 7.1%
Years since last promotion: 1.3
Moonlight: 24.8%
% of income from second job: 14.8%
Years in industry: 17.1
Years in current position: 4.2
Male/female ratio: 84/16
Age: 36.2
College degree: 57%
Married: 57.5%
Number of children: 1.98

Not only are a large percentage of food and beverage directors dissatis-

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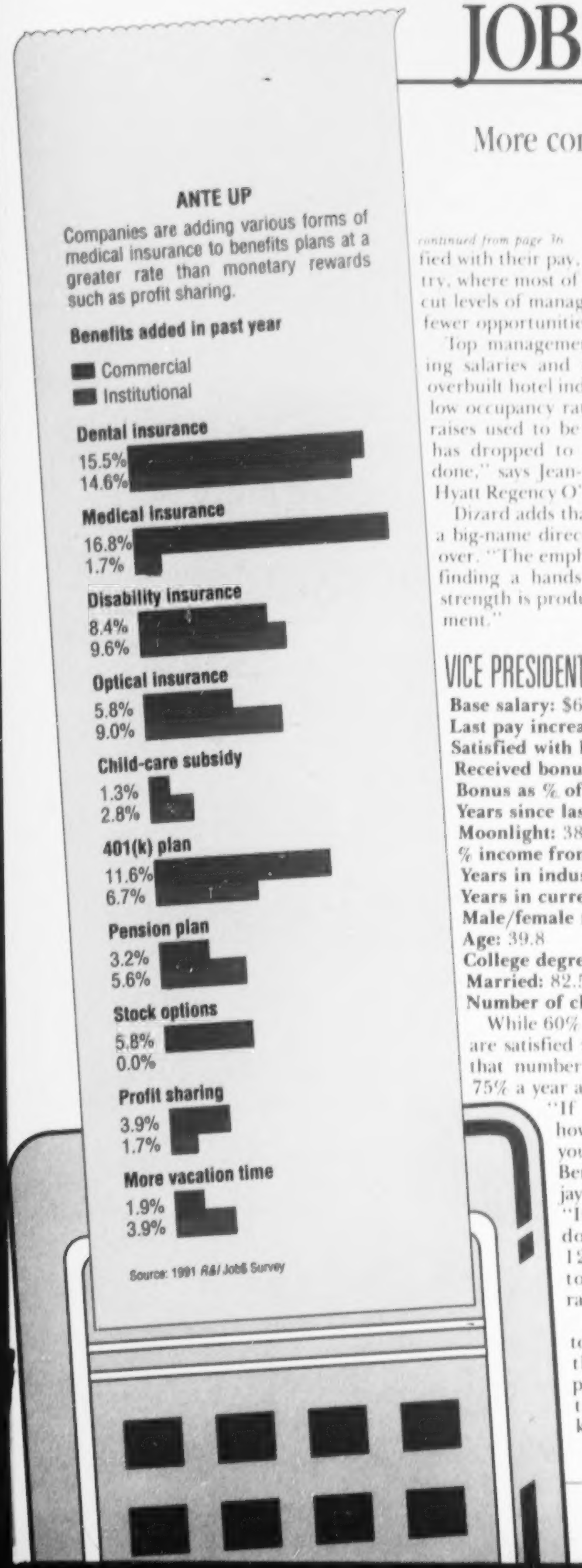
JOB$ '91

More companies reward purchasing managers for saving money.


ANTE UP

Companies are adding various forms of medical insurance to benefits plans at a greater rate than monetary rewards such as profit sharing.

Source: 1991 *R&I* Job$ Survey

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fied with their pay, but the hotel industry, where most of them work, also has cut levels of management, so there are fewer opportunities for advancing.

Top management also is scrutinizing salaries and raises more as the overbuilt hotel industry struggles with low occupancy rates. "The range for raises used to be 8% to 10%, but it has dropped to 6% for a job well done," says Jean-Marc Dizard of the Hyatt Regency O'Hare, Rosemont, Ill.

Dizard adds that the days of hiring a big-name director for $80,000 are over. "The emphasis has switched to finding a hands-on director whose strength is productivity and achievement."

VICE PRESIDENT OPERATIONS

Base salary: $62,100
Last pay increase: 5.4%
Satisfied with last raise: 59.8%
Received bonus: 68.1%
Bonus as % of salary: 11.1%
Years since last promotion: 2.6
Moonlight: 38.3%
% income from second job: 14.4%
Years in industry: 19.8
Years in current position: 6.8
Male/female ratio: 82/18
Age: 39.8
College degree: 66%
Married: 82.5%
Number of children: 2.41

While 60% of operations chiefs are satisfied with their last raise, that number has dropped from 75% a year ago.

"If business is tough, how can you give what you don't have?" asks Ben Northrup of Toojay's, Palm Beach, Fla. "If an operator's net is down from 15% to 12%, it's real hard to give satisfactory raises."

However, Micatrotto of Chi-Chi's notes that talented vice presidents of operations are very marketable commodities and are in good position to better their standard of living. "Someone at a small chain of 50 can jump to a 150-unit chain and triple their income."

PURCHASING MANAGER

Base salary: $34,100
Last pay increase: 4.9%
Satisfied with last raise: 42.2%
Received bonus: 33.3%
Bonus as % of salary: 5.3%
Years since last promotion: 1.6
Moonlight: 30.9%
% of income from second job: 17.3%
Years in industry: 15.3
Years in current position: 6.1
Male/female ratio: 58/42
Age: 39.3
College degree: 56%
Married: 60.1%
Number of children: 2.77

According to the survey response, more owners are trying to supplement purchasing managers' salaries with bonuses. The percentage offering a bonus increased to 33.3%, up from 28% a year ago and 26% in 1989.

Lloyd Byrd, purchasing director for Phillips Seafood Restaurants, Baltimore, says he would prefer a higher base salary to an incentive plan. "A bonus becomes like the dog chasing its own tail," he says. "When comparing food costs and increased margin year to year, you reach a point where a bonus can take you only so far."

Byrd is also among the 58% of purchasing managers who were not satisfied with their last raise.

"I'm not surprised that so many aren't satisfied," he says. "Purchasing is a tricky proposition. I spec 1,300 items. It's a big job, so I have never felt keen about the raise I get based on the work I do."

At the same time, Byrd say he feels very secure in his position because he is the company's only products expert.

"I had three job offers my first year at Phillips, and that is reassuring despite concerns about my salary," says Byrd. "But there is usually only one purchasing director per company so it's not like there are hundreds of these jobs out there."

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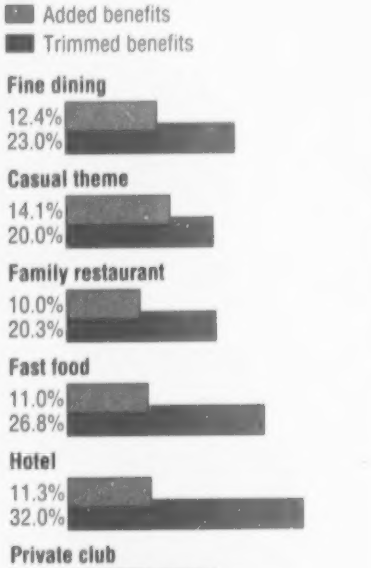
TRIMMING THE FAT

Employers in every segment of the industry trimmed benefits more often than they added them. Cuts were deepest in the employee-dining segment. Overall, almost 55% report no change, while 3.6% say benefits have been totally eliminated.



Source: 1991 *R&I* Job$ Survey

JOB$ '91

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Some GMs complain of cooked numbers that hold down their bonuses.

DISTRICT MANAGER

Base salary: $50,100
Last pay increase: 6.1%
Satisfied with last raise: 55.9%
Received bonus: 72.7%
Bonus as % of salary: 10.8%
Years since last promotion: 3.1
Moonlight: 21.3%
% of income from second job: 16.9%
Years in industry: 17.1
Years in current position: 6.8
Male/female ratio: 81/19
Age: 38.6
College degree: 45%
Married: 80.3%
Number of children: 2.26

In the past year, a number of chains have cut layers of management. A district manager who once controlled six units now oversees as many as 20. But Job$ Survey results indicate this is one position where compensation is commensurate with growing responsibilities.

The average salary of a district manager jumped to $50,100 in 1991 from $45,600 in 1990. The percentage satisfied with their last raise climbed to 55.9% from 51.2%. Bonuses are received by 72.7%, up from 68.2% a year ago.

"I'm being paid fairly and people I talk to with similar positions seem happy, too," says John Augustine, regional manager for Charlie Brown's, Union, N.J.

In fact, Augustine would like to see a higher percentage of his compensation based on bonus. Currently, he can make up to 25% of his base salary in bonus and would welcome the challenge to make more than that based on performance.

GENERAL MANAGER

Base salary: $43,000
Last pay increase: 6.0%
Satisfied with last raise: 63.9%
Received bonus: 69.1%
Bonus as % of salary: 9.3%
Years since last promotion: 2.2
Moonlight: 25.8%
% of income from second job: 14.6%
Years in industry: 16.9
Years in current position: 6.0
Male/female ratio: 79/21
Age: 38.8
College degree: 46%
Married: 66.3%
Number of children: 2.34

Jeff Goldworn, general manager at Pricci in Atlanta, believes restaurants would be more successful if compensation packages were more contingent on bonuses than on base pay. Goldworn says he would rather have a lower base salary, prove his worth, and then be compensated with a bigger bonus.

His recipe for success includes setting up contracts with performance clauses. He says it would set the tone for a good working relationship with the restaurant owner and clarify expectations.

But not everyone agrees with Goldworn's plan. "Operators can manipulate numbers pertaining to food and labor costs and reduce bonus money," counters John Martin, general manager of the Capital Grille in Boston.

"We need a more scientific or fair way of determining bonuses," says Martin. "I haven't been comfortable with the fairness of the ones I've been involved with and I don't think a lot of owners are either."

Overall, survey results suggest that general managers are happy with their income. They are among the few who responded with a high satisfaction level about their last raise. "There is a lot of disparity in pay from one general manager's job to the next," says Martin. "But at the moment, I'm satisfied with my salary."

EXECUTIVE CHEF

Base salary: $39,200
Last pay increase: 5.5%
Satisfied with last raise: 49.3%
Received bonus: 50.4%
Bonus as % of salary: 5.5%
Years since last promotion: 1.0
Moonlight: 39.3%

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JOB$ '91

Only 38% of assistant managers were satisfied with their last salary increase.

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% of income from second job: 11.3%
Years in industry: 18.2
Years in current position: 4.2
Male/female ratio: 90/10
Age: 37.1
College degree: 46%
Married: 66.4%
Number of children: 2.39

Salaries aren't as high as they should be in this category because supply is starting to outstrip demand, contends David Brennan, executive chef at Di-Lullo Oggi in Philadelphia. "If an owner can save $10,000 on an executive chef, they won't hesitate to make the change," says Brennan.

Perhaps executive chefs are underpaid. But others say many of these chefs are not true executives. "A lot of 'executive chefs' don't perform all the functions to demand a higher salary," says Kenneth Wade, executive chef at Harpoon Louie's in Jupiter, Fla. "For instance, they don't involve themselves in purchasing, an area that has a big impact on their own bottom line.

"A certified executive chef who has these skills can carry a double title and eliminate a food and beverage director," asserts Wade. "That is the key to higher compensation. Executive chefs need to focus on education and put themselves into position to manage the kitchen as well as cook."

UNIT MANAGER

Base salary: $32,800
Last pay increase: 4.9%
Satisfied with last raise: 41.7%
Received bonus: 62.7%
Bonus as % of salary: 8.7%
Years since last promotion: 2.5
Moonlight: 28.9%
% of income from second job: 13.9%
Years in industry: 13.8
Years in current position: 5.9
Male/female ratio: 75/25
Age: 35.3
College degree: 53%
Married: 64.3%
Number of children: 2.18

After their assistants, unit managers are the least satisfied of all foodservice executives. Only 41.7% are satisfied with their raises this year, compared with 44% in 1990 and 46% in 1989.

"I'm not at all surprised by those numbers because this is a very demanding and stressful job," says a unit manager for Taco Bell. "The company doesn't show its verbal appreciation, so they must show it with compensation."

Among his peers, the Taco Bell manager says compensation based on a bonus system is growing in popularity. "I'd like to see bonuses reach as high as 30% of my salary, but so far they top out between 20% and 25%."

Lisa, a unit manager for Ponderosa, would like to see her bonus plan improved. "Last month I got a $75 bonus before taxes. Wow," she says, with a note of sarcasm.

Lisa's problem is that she runs a lower-volume unit and bonus is based on sales contribution to the entire system. "If the company made the bonus system more equitable, it would motivate me to help build my business," she says. "But I think the company has made it harder for me to make a good bonus because it wants to save money."

The other crucial issue with managers is promotion. The average time between promotions increased to 2.5 years in 1991, up from 2.0 years last year. "We're not moving up as fast because many companies have eliminated a layer of management, leaving fewer opportunities," the Taco Bell manager adds. "If they can't promote us as fast, it becomes even more important to improve bonus incentive programs."

ASSISTANT UNIT MANAGER

Base salary: $24,100
Last pay increase: 4.6%
Satisfied with last raise: 38.8%
Received bonus: 48.4%
Bonus as % of salary: 4.7%
Years since last promotion: 1.8
Moonlight: 28.2%
% of income from second job: 15.5%
Years in industry: 11.3
Years in current position: 3.9
Male/female ratio: 71/29
Age: 31.7
College degree: 45%
Married: 44.3%
Number of children: 2.21

Steve works 50 hours a week at $5.50 an hour as an assistant manager at Little Caesars. He works 10 hours every Friday night and opens the store on Saturday morning. He says he's underpaid and is getting a bit tired of the Friday-Saturday routine.

What would cause Steve to change his tune? "They have a bonus program that I'd like to be a part of, but I don't see a penny," he says. "It's up to the managers to take something out of their pocket. But they've paid their dues and believe they deserve it all."

What keeps Steve on the job is the health benefits and tuition reimbursement. But he says the reimbursement creates a Catch-22 since he has time for only one class a semester.

DIETITIAN

Base salary: $35,400
Last pay increase: 4.5%
Satisfied with last raise: 56.1%
Received bonus: 22.9%
Bonus as % of salary: 4.3%
Years since last promotion: 1.4
Moonlight: 31.2%
% of income from second job: 13.1%
Years in industry: 18.1
Years in current position: 8.2
Male/female ratio: 14/86
Age: 42.3
College degree: 94%
Married: 63.1%
Number of children: 2.40

"I lost four of my six dietitians in the last six months and they all left for money," says a clinical nutrition manager for a large contractor.

The manager says most dietitians are highly underpaid. "I'm quite disgruntled with my field and so is almost everyone I talk to," she says. "Pay has not advanced with the times because dietitians don't have the ability to strike like nurses. Management figures they can get along without dietitians if necessary and the patient ends up suffering the most."

Considering the five years of extensive dietary training required, the manager would like to see dietitians start at $30,000, whereas today they start between $22,000 and $25,000. R&I

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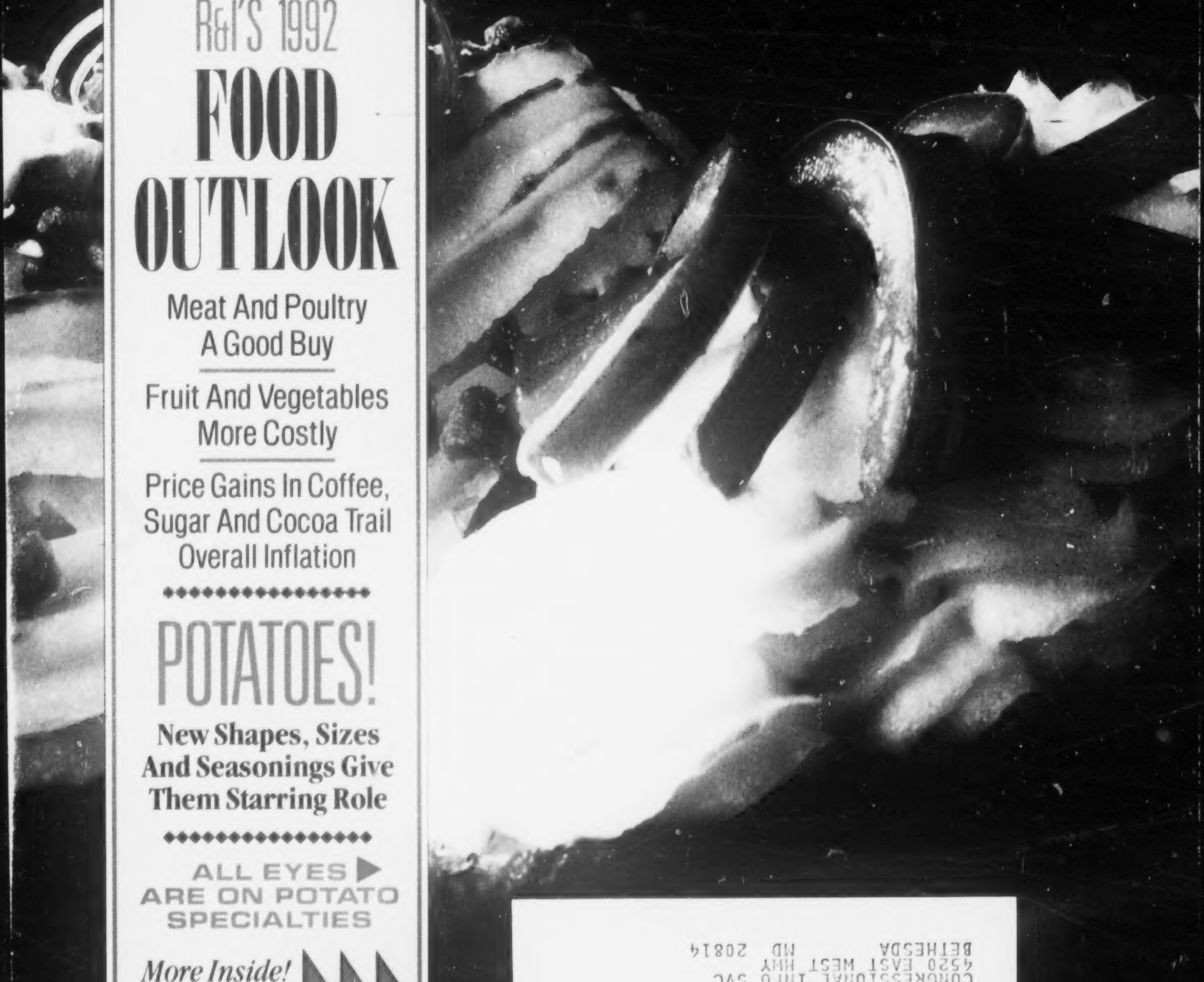

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Meat And Poultry A Good Buy

Fruit And Vegetables More Costly

Price Gains In Coffee, Sugar And Cocoa Trail Overall Inflation

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40 R&I EXCLUSIVE: FOOD-COST AND SUPPLY OUTLOOK

What's in store this year for prices of fruit and vegetables, seafood, meats and poultry? Here are projections from the experts—analysts and industry executives. News of the effects of insect infestations in California is softened by the expectation of increased poultry and meat supplies, and possible lowering of prices for those food categories. Our special report looks at the commodities one by one so that menu planners can adjust purchasing plans.

75 BARBECUE IS TURNING UP EVERYWHERE

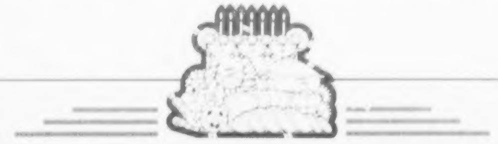
According to *R&I*'s Menu Census, barbecued ribs—beef and pork—and chicken are top good sellers in both commercial and institutional markets. One reason for the growing sales: new rotisseries that not only roast to mouthwatering tenderness, but also market the sizzling products effectively. Purchasing pointers are included.

92 ON THE COVER: NEW DUDS FOR SPUDS

Potatoes make their own stylish statements, whether in their own jackets or spiced and seasoned to add extra flavor to entrees. When baked and restuffed, as shown on our cover, they can stand alone as an entree. Signature potato presentations are earning sales and repeat business as customers discover that the humble potato, when dressed up, now stars on menus. Recipes include Fancy Potato Salad and Whipped Basil Potato Cups.

106 SEASON'S GREETINGS FROM THE SPICE RACK

Today's big spice trade is in the wide variety of blends, dry and liquid, all formulated for professionals catering to the public's increasing concern for health and diet. Our "spice rack" holds seasonings for ethnic and regional recipes, and spice and herb blends that can take the place of sodium- and calorie-laden recipe ingredients.



R&I EXCLUSIVE: Produce supplies down, prices up . . . Page 40

®R&I REPORT

MARKETING

TACO BELL MAKES A RUN AT INSTITUTIONS, CONTRACT FEEDERS

Thanks to a successful test at the University of California-Los Angeles at Irvine, Taco Bell plans to start moving express kiosks, mobile carts and downsized equipment to get its products into contracted and self-operated institutional settings.

The Irvine, Calif.-based chain will start with an undisclosed number of Marriott Management Services clients. Under the agreement, Marriott will become a Taco Bell licensee in many of its 3,200 business, educational and health-care operations. Terms of the contract were not disclosed, but Taco Bell has said it prefers to charge a licensing fee of 10% of sales for the satellite units rather than franchise them.

The top quick-service Mexican chain began testing a kiosk in late 1990 in a food court at the UCLA-Irvine campus. The kiosk now accounts for $300,000 in annual sales—about a third of the school's food-court sales volume. Other satellite stations have been tested in Los Angeles' Dodger Stadium and in Minneapolis Airport—both foodservice accounts managed by Marriott—and on three college campuses fed by ARAServ.

Menus will vary by site at the Marriott units, but all will feature tacos and burritos at prices comparable to the chain's 59-, 79- and 99-cent value menu.

Taco Bell expects its strong brand—it holds a 70% share of the quick-service Mexican market—to attract enough institutional operators to help the 3,500-unit company hit 10,000 stores by the decade's end. The chain is actively seeking entry to other nontraditional operations. For the last year, Taco Bell has been rumored to be negotiating with a domestic airline or air foodservice company.

This move to the nontraditional market ties Taco Bell to fellow PepsiCo company Pizza Hut, which has successfully broken out of free-standing restaurants to become a self-styled "pizza distribution company."

In other Taco Bell news, the company has brought value-pricing to the early hours with a new breakfast menu. In October, 200 Los Angeles units began opening at 6 a.m. instead of 10 a.m. and offering four breakfast burritos filled with different potato, egg, sausage and salsa combos for 39 cents to 79 cents. The new menu, available until 10:30 a.m., also lists a muffin sandwich (99 cents), hash browns (39 cents), and caramel rolls (59 cents).

McDonald's, the company's major competitor in Southern California fast-food breakfasts, began a 99-cent breakfast burrito promotion in June.

Taco Bell will roll breakfasts market by market, hoping to spread the menu through the system by early-summer 1992. President and CEO John Martin says Taco Bell expects breakfast to contribute 25% to its total sales within about two years.

—Brian Quinton

PIZZA HUT FRANCHISEE WANTS TO SWITCH SODAS AND CEOs

Five years of sniping between Pizza Hut and one of its largest franchisees took an odd twist recently when Arturo Torres, president of Pizza Management Inc., San Antonio, announced his 240 stores would replace Pepsi-Cola soft drinks with Coke.

Torres ascribed the switch to the "distinct technological and service advantages" of the rival soft-drink company. But observers say it stems from his legal battle with PepsiCo, parent to Pizza Hut, Wichita, Kan.

A Pizza Hut spokesman said that franchisees are not contractually obliged to buy Pepsi soft drinks.

Torres' squabble with Pizza Hut began when the No. 1 pizza company blocked his 1986 attempt to take PMI public. Torres sued; Pizza Hut countersued, alleging that PMI was late with a royalty payment.

Torres says PepsiCo actually has targeted his units for company takeover, under the pretext that the abortive public offering was a violation of his franchise agreement. Since he opened his first Pizza Hut in 1966 and founded PMI in 1975, Torres says, he is exempt from terms set up after PepsiCo bought Pizza Hut in 1977.

Lawsuits not withstanding, most of the recent action has occurred outside the courtroom. Last April, Pizza Hut refused to let PMI open a unit in the Olympic Village at Barcelona in 1992.

In late September, Torres took out full-page ads in several major metropolitan papers. Under the headline, "You Got the Wrong One Pepsi Uh Huh," Torres vowed to resist PepsiCo.

After the Pizza Hut franchisee convention in Atlanta last October, Torres used PMI's newsletter to call for replacing President and CEO Steve Reinemund.

Pizza Hut's only response at press time was to announce its newest franchise: La Raza Inc., owned by Eugene and Yolanda Camarena, with 12 units near Amarillo, Texas. ***—B.Q.***

TAKE NOTE

In the Aug. 21 issue, the article "Chains Flock to Franchising" (p. 73) omitted Little Caesar Enterprises from the top 20 franchisors. The Detroit-based chain has 2,311 domestic franchises and 67 outside the United States.

ACTION EXPRESS

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Food: "Menu Ideas," p. 92, 105, Idaho Potato Commission; p. 101, Basic American Foods; p. 103, The Potato Board.
Product Know-How: "Menu Merchandising," p. 106, American Spice Trade Association.

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BUSINESS OFFICES

Mark A. Strauss, National Sales Director. **Chicago:** Alana Vondrak, National Sales Coordinator; Candice J. Hammett, Regional Manager; David Weil, Regional Manager; Patricia McGowan, Recruitment/Classified Advertising Manager, Cahners Plaza, 1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5080. Phone: (708) 635-8800. **Stamford:** William Lazar, Regional Manager, 8 Stamford Forum, P.O. Box 10277, Stamford, CT 06904-2277. Phone: (203) 328-2547. **New York:** Michael Cardello, Regional Manager and National Sales Manager/Beverage Alcohol, 249 W. 17th St., New York, NY, 10011-5301. Phone (212) 463-6480. **Cleveland:** Jerry Stiegler, Regional Manager, 1621 Euclid Ave., Cleveland, OH 44115-2186. Phone: (216) 696-1800. **Atlanta:** Thomas McElhinny, Regional Manager, Suite 395, 6520 Powers Ferry Rd., Atlanta, GA 30339-2911. Phone: (404) 955-6500. **San Francisco:** John Barkan, Regional Manager, 410 Pacific Ave., San Francisco, CA 94133-4631. Phone (415) 397-0941. **Los Angeles:** Rebecca Roberts, Regional Manager, 18818 Teller Ave., Suite 210, Irvine, CA 92715-1679. Phone: (714) 851-9422. **Japan:** Kaoru Hara, Dynaco International Inc., Suite 1003—Sun-Palace Shinjuku, 8-12-1 Nishishinjuku Shinjuku-ku, Tokyo 160, Japan. Phone: (03) 366-8301.

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SERVING THE TOTAL FOODSERVICE INDUSTRY **JANUARY 8, 1992**

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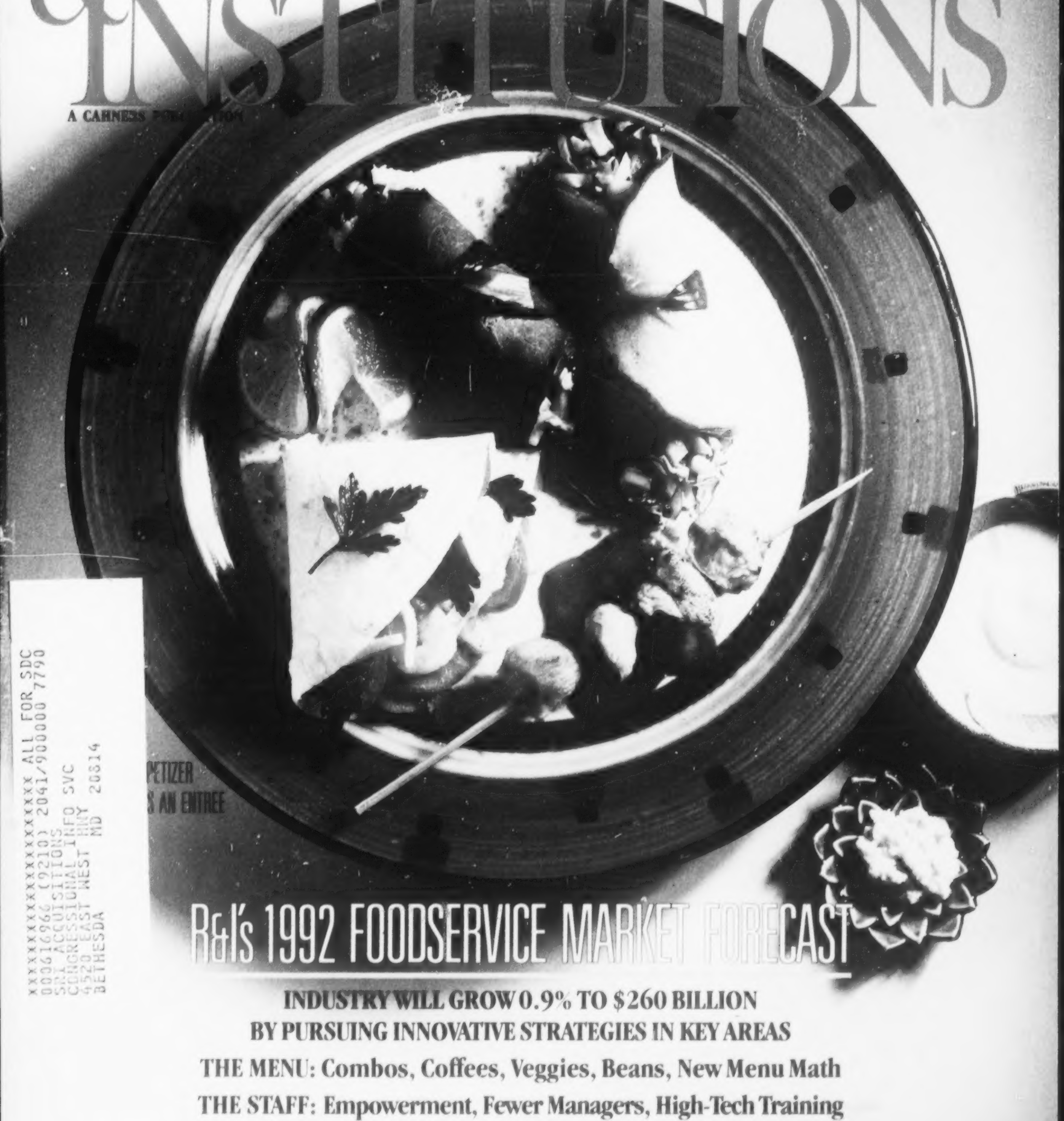

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R&I's 1992 FOODSERVICE MARKET FORECAST

INDUSTRY WILL GROW 0.9% TO $260 BILLION BY PURSUING INNOVATIVE STRATEGIES IN KEY AREAS

THE MENU: Combos, Coffees, Veggies, Beans, New Menu Math

THE STAFF: Empowerment, Fewer Managers, High-Tech Training

THE KITCHEN: Downsizing, Self-Service, Multipurpose Equipment

THE CUSTOMER: Value Wars, Convenience, Branded Concepts

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The appetizer entree—beef and ham bundles, chicken satay and shrimp fajitas—is among the top food trends for 1992.

Creative combos, such as this meat, fish, poultry and rice dish, are one of 1992's top menu trends.

'92 R&I's ANNUAL FORECAST

Foodservice executives rethink their business to cope with major economic changes at home and abroad.

By Michael Bartlett and Lisa Bertagnoli

Restaurants & Institutions' 17th Annual Foodservice Industry Forecast predicts that *how* the industry changes in 1992 is as important as how much.

Between 1987 and 1992, seismic changes have shaken global politics and the American financial system. With the breakdown of Communism, the next five years will see free-market economies emerge in Eastern Europe and Russia, presenting U.S. companies with new market opportunities. The stock crash of October 1987 was the first in a series of financial shocks that have left major American institutions such as banks, savings and loans, and insurance firms severely shaken, if not obliterated. The country is now enduring the painful process of restructuring these economic pillars while trying to get out of a recession.

In the midst of all this, and in spite of it, foodservice has begun to redefine what it must be in the 1990s and beyond. While the industry grew hardly at all in 1991, about 0.5%, and, *R&I* predicts, will grow no more than 0.9% in 1992 for total sales of $260 billion, it *will* grow. What it learns in the process is the real subject of the business, segment and trend reports prepared by *R&I*'s editors.

In short, necessary economies and changing markets have forced breakthrough thinking about the foodservice business. As executives and unit managers scour their balance sheets for dollars, they are

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TOTAL COMMERCIAL

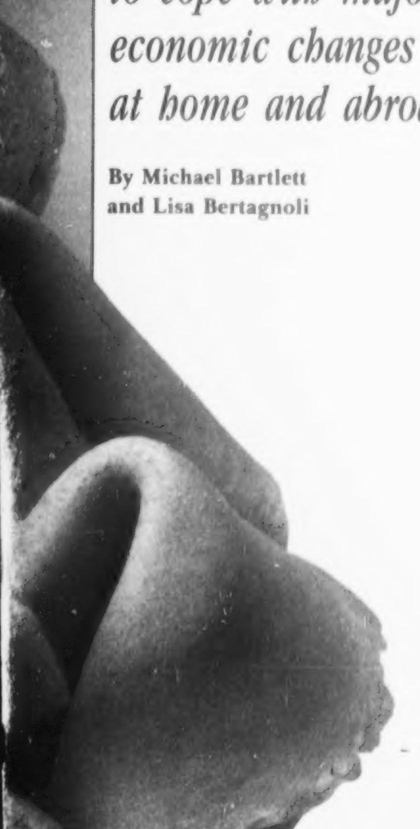
1992 real growth: 0.9%
1992 sales: $188.099 billion
1991 units: 539,635

TOTAL INSTITUTIONAL

1992 real growth: 1.0%
1992 sales: $72.204 billion
1991 units: 177,910

TOTAL FOODSERVICE

1992 real growth: 0.9%
1992 sales: $260.303 billion
1991 units: 717,275



Smaller specialty chains are taking over the retail business. Will they try foodservice?

'92

TOP TRENDS

- **Country settles into slow-growth period.**
- **Businesses make do with less.**
- **Small-business startups soar.**
- **Retail transforms into a mini-industry.**
- **Defense cutbacks reverberate.**
- **Crucial legislation looms.**

continued from page 15

creating new criteria for running a restaurant and new approaches to staff, equipment technology, market strategies and customer relations.

Companies are flattening out their management structure and pushing down responsibility. Two benefits of this are to involve employees more fully in decision-making and improved feedback from customers. Front and back, restaurants are getting new shapes and sizes. For example, "kiosk" is now a common designation for downsized, mobile foodservice operations. The search goes on for faster (double-drive-thrus) and quicker (prepackaged, microwavable portions) ways to get food to impatient customers. More nontraditional marketing tie-ins are constantly in test, from food courts in supermarkets to cable television monitors in McDonald's units.

The message in *R&I*'s 1992 forecast is to cast aside invalid assumptions, maintain what is still of value and develop new ways of doing business that fit today's realities.

SLOW GROWTH HERE TO STAY

Foodservice companies are preparing for a long period of no or slow growth. Business and industry contractors tell us they're prepared for their clients to make even more staff cuts (and then foodservice subsidy cuts). IBM, for instance, plans to cut 20,000 more jobs this year—in addition to the 55,000 it has cut in the past two years. Hospitals are bracing for cuts that will eliminate dietitians, who are crucial to patients' well-being.

The prospect of slow growth has chains hunting outside their areas of expertise for new ways to make money. Pizza Hut is opening a full-service Italian restaurant near its headquarters in Wichita, Kan. Others are looking harder outside the United States for room to grow: Jack In The Box's major international interest is in Mexico.

LESS IS MORE

As staffs get smaller and budgets get tighter, companies are finding creative ways to market. Doug McCaskill, special services director at Monsanto, St. Louis, holds focus groups to keep in touch with the company's shrinking number of employees. Among his discoveries: Customers are more price-sensitive because the ranks of white-collar middle-managers are dwindling.

Budget department stores such as Target buck the trend among suffering retailers.

SMALL-BUSINESS STARTUPS SOAR

Meanwhile, cutbacks are creating a new tier of foodservice. Marketing directors and other displaced executives are starting their own chains or becoming consultants. Tom Burnham, former No. 2 executive at Domino's, now is head of Ho-Lee-Chow, a string of Chinese-food delivery stores. Who knows? He might be the first to take such a concept nationwide. Michael Fiori, a former top Chi-Chi's executive, now heads a competitor—the nine-unit On The Border chain. These new businesses both hurt and help existing companies: They create new competition in an already-crowded market, but they also keep the big chains on their toes.

Ex-execs who aren't creating their own chains are helping others do business better. Gary Langstaff, former head of marketing at Hardee's, and then Burger King, now consults, as does Ernie Renaud, late of Church's Chicken and most recently head of Skats, a drive-thru-only burger chain.

RETAIL REFORMATION

Once dominated by major department-store operators—Federated, Dayton Hudson, P.A. Bergner—the retail industry is decentralizing. Smaller boutique chains such as The Gap, Banana Republic and Limited

continued on page 26

This year, Congress will try to cut the business-meal deduction from 80% to 50%.

'92

continued from page 22

Inc. are becoming mini department stores, offering bath supplies and home decorations as well as clothes for men, women and kids. Instead of offering something for everyone, they're starting to offer everything for a well-defined group of loyal customers. Will they try foodservice next?

Among the retail survivors are the budget chains: K mart and Target both have latched on to concepts that suit their customer base. K mart is teaming up with Little Caesars, and Target has claimed early success with its Food Avenue food court.

CRUCIAL LEGISLATION LOOMS

Finally, a major election year like this puts pressure on the industry as unresolved legislation hits the House and Senate floors and newly enacted bills take effect:

☐ There is likely to be a verdict on the industry's effort to repeal the 1988 bill requiring employers to pay FICA tax on tips. About 30 senators and 200 representatives have signed as co-sponsors of the repeal bill.

☐ Expect Congress to push for a 50% business-meal deductibility.

Defense cutbacks will affect military feeders, base communities and defense-contractor feeders.

☐ The technicality that subjects some restaurants—even small businesses grossing less than $500,000 a year—to the minimum-wage law might be reversed this year.

☐ The Americans with Disabilities Act, which requires businesses to be accessible to disabled employees and customers, will be clarified this year.

☐ The National Restaurant Association and four other groups have formed the Healthcare Equity Action League to repeal mandated health insurance and provide "equal tax treatment" for all employers.

☐ The new compromise Civil Rights Bill seems to put less emphasis on employment quotas and might not lead to more employment-related lawsuits, as the industry feared.

DEFENSE CUTBACKS REVERBERATE

The defense industry is becoming but a shadow of its former mighty self. By 1995, the populations of the Army, Navy and Air Force each will hover around 500,000 and the Marines, just more than 200,000—a 19% drop from 1991. Communities (and restaurants) surrounding bases, and B&I contractors at defense giants such as Hughes Aircraft and McDonnell Douglas (and restaurants around those contractors) will feel the cutbacks, and will struggle for ways to make up lost business.

ABOUT R&I'S FORECAST

Restaurants & Institutions' annual market forecast is compiled by the magazine's Bureau of Foodservice Research with the Cahners Bureau of Economics. The forecast is based on consumer spending, employment figures and the prime rate, as well as foodservice-specific indicators such as the Consumer Price Index for food away from home. This year, the real growth figures take into account 3.6% inflation. Figures for institutional segments are calculated as commercial sales equivalents, based on food purchased. Contractor sales are included in the segment in which they occur.

To order forecast, see Action Express.

OPERATORS STEP CAUTIOUSLY INTO 1992

The country might be slowly emerging from the recession, but the recessionary feeling is here to stay.

Despite two consecutive quarters of positive GNP growth and a slight jump in retail sales, foodservice operators from all segments report that customers continue to eat out less frequently, and try to spend less when they do. (In fact, consumers are taking a cautious approach to spending on all levels: In an effort to step up purchases of houses and major appliances, the Federal Reserve cut the discount rate in late 1991 to its lowest level in 20 years, sending interest rates to their lowest levels in 14 years.)

Operators are taking several approaches to increase traffic counts and check averages. Fine-dining restaurants, expecting a 3% drop in sales this year, are trying to offer customers appreciable points of difference: Le Français in Wheeling, Ill., offers customers limousine service to the restaurant from downtown Chicago. Chain operators continue to offer value menus and are stepping up the search for new locations: McDonald's is serving kids meals on United Airlines flights to Orlando, and several full-service chains will open mini food courts in supermarkets.

Conservative spending, saving and thinking prevail as companies settle into slow-growth time.

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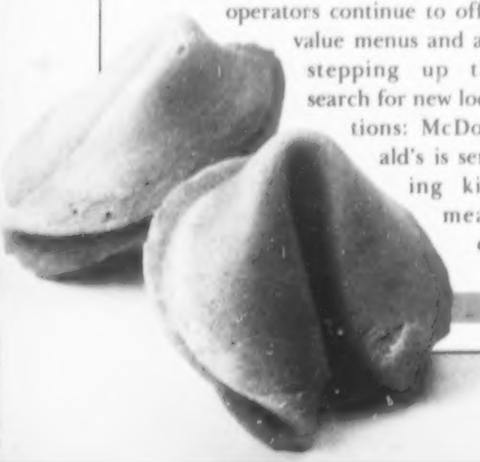
Among institutional operators, the challenge is dealing with budget cuts. Contractors, for instance, must prove that foodservice still is a viable benefit as companies reduce the ranks of employees.

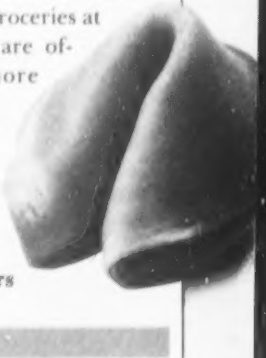
Health-care foodservice directors are looking to automation to make up for the loss of employees. At Cedars-Sinai Medical Center in Los Angeles, Foodservice Director Jerry Berkman gave up his kitchen and now uses all premade foods. More part-timers, fewer managers and line workers with more responsibility also will help health-care foodservice solve its labor problem.

Not all foodservice segments are seeing problems on the 1992 calendar. Social catering and supermarkets, the two fastest-growing segments, both benefit from the fact that, even in a recession, life goes on. Social caterers continue to plan weddings and bar mitzvahs. And people still buy groceries at supermarkets, which are offering more and more prepared foods.

Read on for a quick look at how the foodservice industry plans to deal with the challenges of 1992.

—The Editors





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Fierce Competition Drives Full Service

Full-service restaurateurs hope traffic counts increase when the economy rebounds in the second half of the year. But they aren't banking on it.

"The biggest challenge will be surviving the tough months early in the year and looking to spring as the next opportunity to increase sales," says Bill Marquardt, president of The Berghoff Brewery & Restaurant, Chicago. *R&I* predicts 1.5% real growth for the casual/theme segment in 1992.

The continued Americanization of ethnic-style, casual restaurants will give customers more latitude, says Marquardt. "We have gone to more American-style dishes, more sautés and prep-quality items, as opposed to traditional German items," he says. Marquardt also expects continued popularity for oven roasting and smoked dishes.

In the fine-dining segment, where sales are projected to decrease by 3% in 1992, back-to-basics thinking will summon more familiar and seasonal food items. But menu changes should be addressed with caution. "Fine dining must maintain its edge over casual theme restaurants," advises Paul Albrecht, executive chef with the Buckhead Life Restaurant Group, Atlanta. "Don't forget that people still want to be pampered and look to fine dining to provide that experience."

In the family-dining segment, where 1.1% real growth is forecast for 1992, competition will be fierce. An increase in advertising will try to offset price promotions in the quick-service segment. Companies also must retrain their employees to focus on the customer. **—Jeff Weinstein**

FOODSERVICE GROWTH BY MARKET SEGMENT

Segments	'92 sales ($ billions)	'92 real growth	'92 market share	'91* units
FULL SERVICE	$83.985	0.9%	32.2%	192,400
FAST FOOD**	78.381	0.5	30.1	176,365
EMPLOYEE FEEDING	17.680	0.6	6.8	16,500
SCHOOLS	14.782	1.6	5.7	89,000
HOSPITALS	11.661	0.0	4.5	6,730
LODGING	9.605	0.2	3.7	28,000
COLLEGES & UNIVERSITIES	7.881	0.4	3.0	3,460
MILITARY	6.274	1.3	2.4	3,320
RECREATION	4.360	1.8	1.7	31,000
NURSING HOMES	4.269	1.9	1.6	15,325
SUPERMARKETS	3.849	5.5	1.5	33,000
TRANSPORTATION	3.432	1.1	1.3	300
CATERERS	3.000	6.8	1.2	5,500
CONVENIENCE STORES	2.810	1.1	1.1	57,000
CHILD CARE	2.724	1.9	1.0	29,000
RETAIL	2.108	0.2	0.8	16,100
LIFE CARE & ELDER CARE	1.069	2.3	0.4	4,275
ALL OTHER FOODSERVICE†	2.431	1.6	0.9	10,000

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Tight Economy Hampers Fast-Food Sales Growth

For the first time in four years, the *R&I* Industry Forecast predicts that real sales in the quick-service segment as a whole will grow more slowly than real sales in full service.

Some of the reasons for this falloff are familiar: overbuilding and difficulty in extending either customer reach or frequency. A tight economy, however, has added some new brush strokes to the fast-food growth picture. Customers still look to fast food for convenience and low prices. But in the matter of value, fast-food concepts increasingly are finding themselves in competition with sit-down restaurants at the low-priced edge of full service, as well as with each other.

Among fast-food menu segments, the areas of most growth in 1992 will be those that grew most in 1991: Mexican, pizza and sandwiches. *R&I* expects Mexican fast food to see the sharpest increase this year, with real sales jumping 1.4% to $4.1 billion. Quick-service pizza will take a 1% hike to $15.1 billion—just less than one-fifth of all fast-food sales this year. And sandwich chains will almost triple their 1991 growth to 0.8% in 1992, reaching a sales total of about $5.3 billion.

Hamburgers, still the biggest force

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Its value menu spurred sales for McDonald's, but President and CEO Michael Quinlan still has to contend with the segment's price-sensitive customers.

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in fast food, will account for $36.5 billion, or 47% of all sales in the segment.

The best hope for hamburgers, and for fast food in general, would be a moderation of the current recession. The downturn of the early '80s saw mainly the "light" fast-food users cut down on visits. During this recession, however, even frequent fast-food customers—who rely on chains for convenient, quick meals—have reduced their spending. **—Brian Quinton**

B&I Shows Value of In-House Operations

Tired of being seen as expendable, employee-dining operators will spend this year proving that good-quality foodservice is crucial to corporations.

To aid their efforts, the Society for Foodservice Management will launch a committee whose purpose is to teach members just how to prove their worth. For instance, studies show that going out for lunch decreases employee productivity and cuts the time they spend on the job. Another example: The cost of foodservice as a benefit increases less year to year than other benefits such as health insurance.

But this strong stance for employee feeding can't make up for cuts in employee-dining subsidies. Operators will continue to add services that keep customers coming in, including "boutique" stations, display cooking, value meals, theme specials, new day parts and branding.

Doug McCaskill, special services manager for Monsanto Co., St. Louis, uses focus groups to gauge changing tastes and price tolerances—as higher-spending middle management group ranks dwindle—and to promote the value of his foodservice among customers. For example, McCaskill sent focus-group members out for lunch. "We averaged all the bills to show that customers spend at least $6 eating out. Our check average is $3.50 to $4 for food our *customers* have told us is equal or better in quality to the popular mid-scale chains." **—Beth Lorenzini**

Schools' Labor Budgets Face More Strain

Too often, school foodservice directors say they find other concerns obscuring the original goal of the National School Lunch program—feeding children tasty, nutritious meals.

For example, among the institutional segments, the recession has hit schools hardest. States, seeking to cut their labor budgets, have offered many employees early-retirement inducements. And many long-term employees have taken the offer. In one district, 45 people out of a staff of 210 retired, including 70% of the managerial staff. With less labor, self-service and longer lines will result. And as the drive for on-site management increases, staff members will be empowered to make more decisions, although some might choose not to make the adjustment to new roles.

A bright note: Preapproval programs are cutting down on paperwork and will increase as "bugs" are worked out of the computer programs and between districts and county and state agencies. **—Susie Stephenson**

More Automation, Less Labor in Health Care

With states slashing health-care budgets, hospitals will turn to more part-time employees, especially those from government-sponsored training programs. Offsetting the expected decreases in labor will be increased automation. If a system is cost-effective, it will be implemented—whether it's a software program designed to improve productivity or a cook-chill system.

For-profit businesses, such as incorporated catering, will take away some of the budget sting. But as state and federal governments seek to increase

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Educational foodservices eke out sales from formerly "unreachable" customers: Colleges focus on niche and retail business, while schools turn to brands.

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their revenue by increasing taxes, these new corporations might well have more profit taken from their bottom lines.

Hospital foodservice directors and dietitians will be held accountable for productivity, cost-effectiveness, good customer relations and improvements in quality. It is a daunting task; paper trails will be one of the most effective tools directors have for justifying their actions and keeping their jobs. **—S.S.**

Hotels Switch from Fine to Fun Themes

The decline in convention business will continue into 1992 as companies cut travel budgets and reduce the number of employees who attend meetings. Few industry analysts expect demand for rooms to catch up with supply before 1993. To offset lower occupancy rates, many hotels are seeking more revenue from foodservice.

Many major hotel chains are replacing fine-dining restaurants with casual, fun, themed concepts designed to fit guests' lowered price tolerance and attract more local business. Examples include Hyatt Hotels' Ciao-Mein, an Italian-Chinese concept, and Brasserie Bellevue, Le Meridien's casual concept.

In an effort to attract more local business, many hotels are entering into lease agreements with local independent or chain restaurants that are popular in the community. Royal Sonesta Hotel Boston saw a significant rise in traffic and profitability when it leased space to Davio's, a local Italian concept. **—B.L.**

Colleges Find New Income Sources

Competition for student dollars is mounting. To survive—and that's really the name of the game these days—college and university foodservices will be eking out dollars wherever they can be found. "We used to figure that if we were keeping 90% of the kids happy, that was good enough," says one director. "Now we'll be trying to find out what we can serve to satisfy that other 10%."

New food niches are one solution that's been working. Retail business is another. Foodservice directors now stock beauty supplies in c-stores and provide copying and laundry services and shoe-repair.

Labor also is an area of increasing concern on college campuses. As the cost of benefits increases and demands for national health care become louder, directors will be hiring less labor. The labor they do hire will likely be students—who work short hours and receive few, if any, benefits. **—S.S.**

Military Feeders Cope with Downsizing

As personnel cuts accelerate, the U.S. armed forces are concentrating on products and kitchen equipment that will help them work more efficiently with fewer people.

Government mandates will cut the number of soldiers and dining facilities in 1992, but foodservice budgets won't necessarily drop with them. In some cases, food reserves, expended during Desert Storm, need to be restocked. Mess-hall renovations also will continue in 1992, again with an eye toward efficiencies in the kitchen.

To improve nutrition, more money will go to training commands to enable purchase of seasonal produce and the like. Private-sector experts—including a nutritionist for the National Football League's New England Patriots—are assisting in long-term nutrition studies.

The military also is working on new

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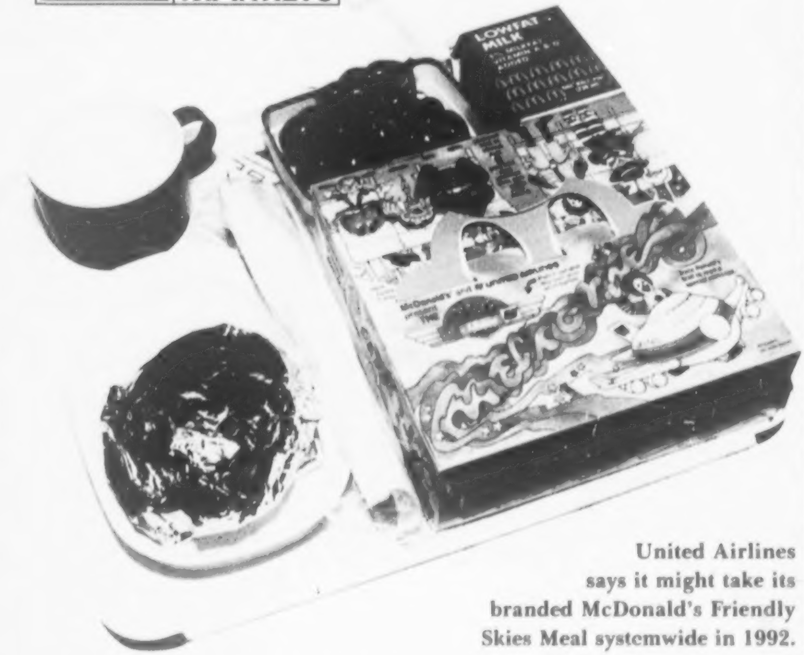

United Airlines says it might take its branded McDonald's Friendly Skies Meal systemwide in 1992.

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training programs. One, "Experience with Industry," places a Marine in an executive internship with Washington-based Marriott. **—Rajan Chaudhry**

Disney Mirrors Dip in Recreation Attendance

In the theme-park jungle, Disney is king. But the past year has this king of the jungle wishing fervently for a kinder, gentler 1992 in all its attractions. For the first time since current President and CEO Michael Eisner took over in 1984, the company reported a drop in quarterly and annual profits; and much of that 20% decline stemmed from drastically lower attendance at the Disney parks.

The company has never discussed park attendance openly, but analysts estimate visits to its Florida parks might have been off by 10% to 15% last year. New Disney CFO Richard Nanula implied park attendance was at fault in the four reasons he cited for 1991's poor profit results: the Gulf War, weak travel, the recession, and soft consumer confidence.

Unfortunately, three of those four conditions might well persist through 1992, along with higher air fares and a strong dollar. **—B.Q.**

More Residents, Rules Shackle Nursing Homes

No matter how you cook the numbers, they just don't turn into a tasty meal for the aging. There will be an *increasing* number of elderly and a *decreasing* number of dollars and people with which to care for them.

The regulations set forth in the Omnibus Budget Reconciliation Act of 1987, implemented in 1990, touch all aspects of nursing-home care, including foodservice. They are tied to Medicaid reimbursement rates and carry monetary penalties for noncompliance.

Among other stipulations, foodservice departments now must employ a qualified dietitian on either a full- or part-time basis, offer menus that meet certain recommended dietary allowances, provide substitutions for residents who refuse a main entree, supply residents with a snack at bedtime, and make available special eating utensils for those who need them. ***—S.S.***

Supermarkets Link with Chains in Takeout

Sales of prepared foods in supermarkets are projected to grow to 17% of the total takeout market in 1994 from 12% in 1989. That 5% will be taken directly from the fast-food segment, according to industry sources.

In a strategic shift, some chains have decided to join supermarkets, rather than fight them for share of stomach.

At an October 1991 conference, two foodservice consulting firms asked retailers and midscale-chain restaurant operators to team up. The result is The Supreme Court, in which up to five restaurant concepts would create mini-food courts *within* supermarkets, with one central kitchen.

So far, Chi-Chi's, Bennigan's, Godfather's Pizza, Fifth & Grand Sandwich Stand, T.J. Cinnamons, The Mean Bean (coffee), Ricky Shaw's Oriental Express, and several national food and beverage manufacturers are in on the deal. The prototype is scheduled to open this month at a new Ball's Food Store in Kansas City, Mo. **—B.L.**

Carriers Innovate in Market-Share Battle

Among the airline industry's fewer major players, service looms as the marketable point of difference. Foodservice figures to be a big part of their strategies.

Northwest Airlines, Minneapolis, is grabbing attention with its four-city test of a self-service breakfast buffet served at the gate before boarding.

United Airlines will proceed with upgraded service in domestic first class and international economy class. Among its new creations is a boutique wine selection for first-class passengers. The Elk Grove Village, Ill.-based carrier also is considering taking its McDonald's Friendly Skies Meals, de-

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signed for kids, systemwide in 1992.

Railroad giant Amtrak, Washington, is implementing systemwide menu changes in 1992. At lunch, lighter items will take over, for instance, an unsweetened fruit salad with low-fat cottage cheese. Amtrak's club-car service will add five sandwiches. **—J.W.**

Competition Crowds Catering Industry

The country's economic troubles have taken their highest toll on business catering, a trend expected to last through 1992. Box lunches and low-labor platters have become the norm in boardrooms nationwide. Self-service will continue as the hottest trend in catering.

Social catering is benefiting from the trend toward convenience demanded by consumers too busy to prepare their own meals, large or small. And even in a downturn people don't put off the "life events"—such as weddings—that create catering's strong base.

Full-time caterers will face competition aside from that already presented by foodservice in museums, contractor feeders, supermarkets and even fast-food chains. Many newcomers enter the segment with their overhead already covered, which gives them some price advantages. In addition, caterers are plagued by competition from unlicensed, uninsured operations—often run out of home kitchens and using part-time help—that can afford to undercut them. **—R.C.**

Despite Setbacks, C-Stores Still Cook

For a year now, most c-store chains have been too busy fighting for breathing space between retail supermarkets and grocery-selling gas stations to do much prepared foodservice. So in projecting 1.1% c-store food sales growth in '92, *R&I* is merely betting that chains can retain their current 1.5% share of the commercial market.

Social catering will grow faster than any other industry segment in '92, with real sales advancing almost 7%. On its heels: supermarket foodservice, at 5.5%.

But one of the segment's biggest competitors is climbing back out of debt and into the foodservice arena. Dallas-based 7-Eleven is testing daily deliveries of fresh, commissary-made salads and sandwiches. The company also is testing a taco that can be cooked on a roller grill.

As in other segments, branding is making inroads here. Houston-based National Convenience Stores has opened five Stop N Go units with "eateries" that sell Mrs. Fields cookies and Pizza Hut pizzas along with their own sandwiches and salads. **—B.Q.**

Sales Slump Doesn't Deter Retail Expansion

Despite sluggish sales, most retailers plan to expand and upgrade foodservice facilities this year.

Branding continues to draw the attention of discount stores. Troy, Mich.-based K mart will have 120 Little Caesars pizza kiosks installed by the end of January. Minneapolis-based Target reports sales for its in-house-brand food court are running 25% higher than projected.

Among the department stores, the news is mixed. In Florida, the 45-unit Burdine's chain has had its foodservice expansion plans put on hold until parent company Federated-Allied Department Stores emerges from Chapter 11.

On the positive side, sit-down restaurants are making a comeback, says John Lovelace, foodservice director for Minneapolis-based Dayton Hudson. He points to the major shift in demographics and values as the reasons behind changing consumer preference in retail dining. **—J.W.**

MENUS OF CHOICE CAPTIVATE DINERS

Operators will cut costs and still cater to customers with the comforts and service that only eating out can bring.

By Nancy Ross Ryan

The forecast for today's market climate shows a cold front moving in: Customers are more price-resistant than ever. But every cloud has a silver lining.

This year's trends address not only the operators' bottom line, but also the customers' needs: for a lower check average; for sound, earth-friendly food; and for comfort beyond that of lifting the lid on a takeout meal in front of the VCR—in short, for the kinds of foods and flavors, service and ambience that only eating out can provide.

Successful operators, like weather vanes, respond straightaway to shifting winds. Their direction in the year to come will be to reduce costs with creativity rather than cutbacks and to increase profits through innovation.

For foodservice, this might not be the best of times, but judging by the following top trends, 1992 might be one of its finest hours.

CAPTIVATING COMBOS

The No. 1 trend for 1992 will be captivating combinations of food on one plate. Last year saw creative variations on the old classic of surf and turf. And dessert sampler plates became increasingly popular. In 1992, creative combos will captivate customers in every menu category.

Some examples of appetizers: Italian *antipasti misti* (antipasto plates of mixed cheeses, *crostini* and sausages, as well as marinated, grilled and stuffed vegetables, etc.); a Southwest sampler plate (tamale, black-bean cake, stuffed jalapeño, guacamole, etc.); and mixed seafood plates (smoked salmon, shrimp and tuna sashimi).

Among entrees, the traditional mixed grill will be updated with lively variations of meat, seafood, poultry and sausages. For example: a jumbo grilled butterflied shrimp with a pork or veal medallion and grilled marinated chicken breast; or a lamb chop, lamb sausage and lamb-spinach rouladen.

Also, one-dish meals are more exciting than ever. Consider the 1992 version of the traditional Spanish paella, which we call pot luck. Saffron is omitted and the main-dish rice is studded with cost-effective chunks of chicken, pork or sausage or ham, beef strips, shrimp and/or codfish or catfish, green peas and tomatoes.

Even side dishes will benefit: Familiar grains such as white rice will welcome the addition of brown rice, lentils, peas and beans. Less familiar grains such as bulgur, cous-

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Vegetables are bigger and better than ever, and not just for vegetarians.

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TOP TRENDS

- **Captivating combos create new appetizers, desserts and entrees.**
- **Premium coffees heat up beverage menus.**
- **Vegetables: Not just for vegetarians.**
- **Beans finally get respect.**
- **New menu math: Mix and match appetizer, entree portions.**
- **Family-style dining puts fun on the table.**
- **Eco-nutrition spotlights food safety.**
- **One-step seasonings pack a flavor punch.**

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cous and quinoa will appear as bulgur pilaf, tabbouleh or combination bulgur-quinoa-couscous side dishes.

Dessert combinations will be more creative: mini portions of cakes, tarts, flans, mousses, ice creams and sorbets accompanied by complementary sauces; mixed-berry or fruit compotes topped with mini cheese blintzes; tiny crepes with varied fillings; and do-it-yourself yogurt, soft-serve or ice cream bars with toppings.

PREMIUM COFFEES

Which came first: the coffeehouse, or customers' new romance with full-bodied premium coffee and those tantalizing coffee drinks cappuccino, espresso, café brûlot, caffè latte, Irish coffee? No matter. Interest in quality coffee, both varietal beans and blends, and recipes for creating signature coffee drinks with and without beverage alcohol is at an all-time high. Premium coffee is hot in restaurants, retail foodservice, mall units, university and B&I foodservice.

VEGETABLES FOR ALL

No longer just for vegetarians, vegetables as appetizers, entrees and accompaniments have won customers' hearts. In fact, 20% of the public chooses a restaurant based on the availability of vegetarian main courses, according to a recent Gallup poll.

Look for legumes: Beans, lentils and peas are bigger, bolder and brighter in 1992.

No. 1 trend: Creatively combining small portions enhances value and appeal.

Part of the attraction is their positive, well-publicized nutritional profile. But just being good for you was never enough. The real reason that vegetables are bigger than ever is that they taste better than ever, thanks to chefs' inventive preparations: grilled, stuffed, marinated, caramelized, battered and deep-fried (with dipping sauces galore!).

Among vegetables noted on menu are: patties (bean cakes, sweet potato cakes); crisp deep-fried chips (white potato, sweet potato, carrot, beet, parsnip); deep-fried herbs; stuffed vegetable rolls; and vegetable chutneys, marmalades and salsas.

A HILL OF BEANS

Finally, beans have gotten some respect. They've moved out of the category of joke food into the menu mainstream. Look for more legumes (beans, lentils and peas) of all shapes, sizes and colors in soup bowls, salads, side dishes, stews and condiments such as relishes and salsas.

Why this sudden interest in beans? Easy. They're meaty, protein-rich and colorful. Not only do they have distinctive flavors of their own, but like rice and pasta, they are great carriers of flavors from seasonings and compatible ingredients. Menu examples include Italian pasta e fagioli, Tuscan white-bean soup, Cuban black-bean soup, lentil salads and pilafs, and bean burritos.

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Family-style dining is the trend that puts some fun back in foodservice.

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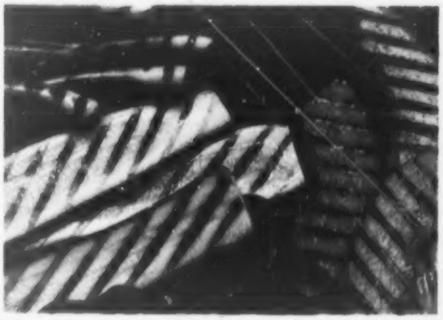
THE NEW MENU MATH

It goes something like this: Do customers want an all-appetizer meal? That computes. Do they favor one special appetizer? Then offer them a double portion as an entree and charge double the appetizer price. That adds up, too. Perhaps more than one of the entrees catch their fancy? Then offer them half-portions as appetizers at half price. That's also a good sum. The flexibility of the menu that emerged so strongly last year has gone one step further to flexible portions. More restaurants are building check averages by offering to halve or double entree or appetizers, priced accordingly.

FAMILY-STYLE DINING

No, we don't mean more child-friendly menus, although that trend will be strong and ongoing. What we mean is the emergence of a new—and very old—style of dining: family style. More restaurants are adding family-style dinners to their menus, and more new restaurants are opening with family-style dining as their concept: large portions of food in big bowls, on big platters, served to the table for everyone to share. By letting customers help themselves and encouraging participatory dining, operators help themselves by reducing labor in plating and serving. It also helps everyone by introducing an element that has been sorely missed in foodservice of late: fun!

Fast flavor: Easy-to-measure seasoning blends pack one-step flavor punch.



Not just for vegetarians: Vegetables star on menus as appetizers and entrees.

ECO-NUTRITION

Customers' continuing nutritional concerns have taken a holistic direction. Not only are they concerned about diet (the calorie-, cholesterol-, fat- and sodium-content of foods), but also about foods' wholesomeness and environmental impact.

In 1992, expect more customer queries about food additives, hormones, pesticides and safety. So-called organic foods are more in the public eye.

Smart operators will take the bull by the horns and start building cost-effective, realistic programs that address and prioritize the issues of nutrition, food safety and ecology for their operations.

IN BETTER TASTE

Americans' spice consumption has tripled in the last 20 years and hot red pepper consumption has doubled in the past 10. From-scratch cooking at home has decreased, and customers look to restaurants for the spice of life. So it had to happen: the shift to the convenience of one-step seasoning blends.

Last year, it was flavor-infused herbed and spiced oils used for sautéing, as table condiments, as simple sauces and in salad-dressings. This year, it is one-step-measuring seasoning blends, both dry and liquid, that come in dozens of flavor profiles (many low-sodium) and can be used for everything from soups to dry rubs and liquid marinades. In 1992, look for dishes that pack a savory seasoning punch—seasoned french fries, anyone? R&I

TRAINING FEEDS FIGHTING SPIRIT

Smaller staffs must be sent back to boot camp for critical basic training and lessons on how to make decisions on their own.

By Susie Stephenson and Jeff Weinstein

'92

Question for the year: Is it possible to justify spending money on training when employees are being fired? The answer is yes.

All employees will receive more training in 1992. The logic is simple: If management doesn't invest in its workers, the company loses its competitive edge and goes out of business.

FLATTENING THE PYRAMID

Since menus can only be adjusted so much before quality starts to suffer, and fixed costs are just that, labor is one of the few areas that can be squeezed. As a result, operations in 1992 will undoubtedly see fewer managers, more part-time workers who don't qualify for benefit packages, and more self-service.

The traditional pyramid structure of management is flattening out through empowerment at the unit level. Layers of management are being cut. A district manager who once ran six stores now controls as many as 20 units.

If the recession has created one major benefit, however, it is an increasingly talented labor pool. Many human resources departments find that higher-quality employees are applying for jobs. But the recession won't last forever. To make sure that the new crop of talent won't leave after the first upturn in the economy, a career in foodservice must appear as more appetizing. The potential for climbing the company ladder must be perceived as more than lip service.

ARE WE HAVING FUN YET?

Operations able to create environments that foster cooperation and enthusiasm will increase customer satisfaction and sales.

To that end, bonus structures for managers should be based not only on meeting sales and cost-control standards, but also on reducing turnover rates. For example, at the seven-unit McGuffey's restaurant chain, Asheville, N.C., managers are held accountable for praising and recognizing the staff through a formal program. At least 10 times a month, they must praise and recognize the staff—either individually or in groups.

"Managers are told not to use praise and recognition as a tool for manipulation," says Michael Brandson, vice president for human resources for the company. "The gesture must be unique." The annualized turnover rate at the chain is 48%.

At Swedish Medical Center in Seattle, an atmosphere of enthusiasm

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and commitment is fostered from the moment new hires walk in the door. Instead of hiring someone at 2 p.m. and putting him to work at 2:01, a week-long training session always starts on a Monday with a hospital orientation. The new employees lunch with the training assistant, are fitted for uniforms and told their training program for the week. The hospital has found the program so effective that it plans to expand it. There will be a "check-up" reception for employees at the end of their first 30 days on the job, and another gathering after 90 days. Such "stroking" of employees will become more prevalent this year.

VIDEO TRAINING A HIT

While most companies once brought new managers to the home office for a week or two of orientation, the trend in the 1990s is toward decentralized training. Centralized training was too expensive and often too standardized. A third problem: It also doesn't mesh with the new emphasis on empowerment.

There also will be an emphasis, particularly in institutions, to know what jobs need to be done and then tailor training accordingly.

Methods of training will change this year, too. Videos will be in: People who grew up with MTV—the employees of the 1990s—have little patience for long, lecture-type training programs or small-type training books. Also, videos allow training to be self-paced. (Many operations use ½-inch format so employees can take the tapes home.)

Job aids, such as photographs, also will become more critical this year. Pictures (not words) on the sides of bottles are the type of directions that are needed, according to Sandi Spivey, director of field training for KFC, Louisville, Ky.

EMPOWERMENT BLOSSOMS

Empowerment certainly will continue to be a key buzzword. If it works, it will result in more efficient and customer-responsive organizations. But a price will be exacted. Not everyone is—or will be—comfortable with the concept or the responsibilities that go along with this style of management.

Along with teaching job mechanics, training in 1992 will emphasize the importance of better customer relations.

Those who adjust will blossom. Many unit managers and hourly employees report doing a better job when empowered. They like the idea of having a voice in exactly how the operation should be run. "If you give people a say in what their jobs are and how they can do then, you'll keep them for longer periods of time," says Ruby Puckett, R.D., director of nutrition services at Shands Hospital in Gainesville, Fla.

Empowerment also results in greater "buy-in," whether group decisions are made on the unit level or in conjunction with management. This will be particularly important in 1992 as many companies and institutions look for ways to cut costs further.

POLITICKING AFFECTS LABOR LAWS

The November presidential election will influence the legislative agenda in 1992.

To show concern for their constituents, Democrats will push hard for reform of the health-care system. Some policy makers say employers should be required to provide health-care coverage to employees and their families. Others realize rapidly rising costs prevent employers from offering coverage. Numerous solutions will be introduced during the 102nd Congress, including national health insurance and employer mandates that could incorporate incentives. Lawmakers lack a consensus on which direction to take this hot issue, however, and on how to finance it.

The National Restaurant Association and

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Centralized training is costly and doesn't mesh with the new emphasis on empowerment.

'92

TOP TRENDS

- **More part-time employees to cut costs.**
- **Fewer managers; more empowered employees.**
- **Bonuses based on turnover rates.**
- **Decentralized, back-to-basics training.**
- **Visual, instead of written, job aids.**
- **Two-tier benefit packages.**
- **Congressional push for health-care reforms.**
- **More technology to enhance service.**

Computers have eliminated administrative time, allowing managers to be with customers.

'92

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several other employer groups recently established the Healthcare Equity Action League to unite the business community in a plan to reform health care. The group opposes all government mandates, preferring a mix of incentives and other reforms to deal with the problems of cost and access.

The escalating cost of health insurance is already forcing restaurateurs to place some restrictions on medical payments. For instance, although employees with need are encouraged to participate in substance- and alcohol-abuse programs, new policies at one chain require that the actual program has a success rate of at least 30%.

In addition, many institutional foodservice operators expect two-tier benefit systems to be implemented next year. "We gave away the farm to keep labor quiet in the 1970s and 1980s," says one school foodservice director. "Now we're paying for it." Unions reluctantly are starting to agree to dual packages, realizing that if they don't, the operation will either be out of business or be contracted out.

FOODSERVICE LABOR DEMAND WILL OUTSTRIP SUPPLY

In the year 2000	Workers needed	Increase over 1988
Waiters, waitresses	2,337,000	551,000
Cashiers	2,614,000	304,000
Food counter/fountain and related workers	1,886,000	240,000
Food preparation workers	1,206,000	234,000

Source: Bureau of Labor Statistics, American Demographics

In 1992, the National Restaurant Association's legislative affairs group also will concentrate on repealing FICA tax on tips, exempting businesses grossing less than $500,000 from federal minimum wage requirements and reforming teenage labor laws.

LOOK FOR EVERY EDGE

Improved technology will help alleviate the cost of any passed legislation. If the owner of a restaurant or director of an institutional foodservice department can produce figures showing a favorable pay-back period for a new piece of equipment, it will be bought.

Technology also will help increase customer service this year. "Computers have eliminated so much administrative time," says Geri Reilly, director of training at Boston-based Au Bon Pain. "They allow managers to be with customers—where the true impact of an operation can be felt—instead of spending time creating numbers."

In fact, shrewd operators now realize they cannot afford to overlook any training or service technique that can give them an edge in this extremely competitive foodservice environment. R&I

Benefit packages of all employees will come under greater scrutiny this year.

OPERATORS TEAM UP TO STAND OUT

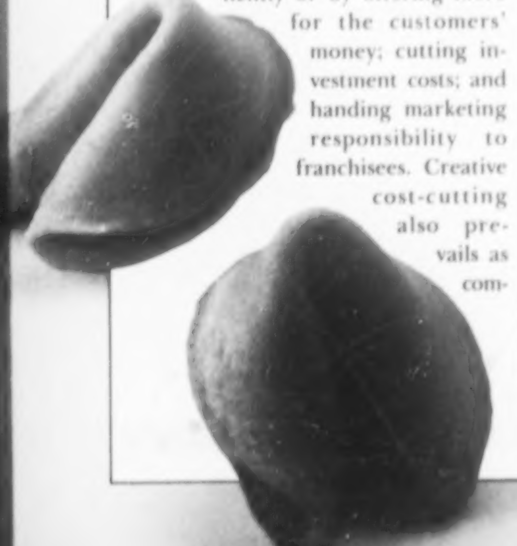
Companies hope to put new vigor into the old bottom line by forging new partnerships and tapping new markets.

By Rajan Chaudhry and Brian Quinton

Two companies please a crowd: That's the credo of some of the largest chains as foodservice moves into 1992.

Combining two or three brand names to spark more customer appeal and generate more cost efficiencies is not a new idea. But combos make particularly good sense today, mainly because they are an efficient way to build market share. Rather than spending time and capital to develop and promote proprietary pizza, yogurt or cookie lines, companies call on the instant experts at Pizza Hut, Little Caesars, TCBY, McDonald's and the rest.

While teaming up is by far the most prevalent marketing trend of this year, foodservice operators are trying other ways to step up sales and profits. Among these trends: Offering price/value by marking down items permanently or by offering more for the customers' money; cutting investment costs; and handing marketing responsibility to franchisees. Creative cost-cutting also prevails as companies redesign buildings and kitchens and use computers to efficiently schedule employees.



BRANDED MENUS, BRANDED CONCEPTS

Brand alliances are taking place on three fronts: at contract accounts, at fast-food sites and with retail brands on menu boards.

Contractors are particularly interested in this kind of name recognition. Though it might compete with their house brands, it nevertheless builds traffic. Marriott has long franchised big-name fast food in its Travel Plazas; now the chain is rolling those same names into its lodging and contracting divisions. By July, guests at 65 Marriott hotels and resorts will be ordering Pizza Hut pizzas from room service and, in some cases, right off the dining-room menu. Meanwhile, Marriott Management Services has contracted to add 100 Burger King express units and an unspecified number of Taco Bell kiosks to the Pizza Hut, Dunkin' Donuts and Mrs. Fields menus it already offers in its educational, hospital and B&I accounts.

And just as contractors are gravitating to the big names in fast food, fast-food chains are testing relationships with big names in retail foods, with the hope that putting high-

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Coco's is a family restaurant by day and an upscale dinner house at night.

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profile brands on the menu makes a quality statement. Burger King, which already offers famous-name salad dressing and frozen desserts, recently expanded a test of branded low-calorie entrees and desserts.

In a twist on that theme, chains continue to sell their own branded products in supermarkets. Chi-Chi's has a line of salsas, while Pizzeria Uno says its sales of frozen pizzas will double this year, to $4 million.

VALUE WARS RAGE ON

Increasingly, chains are looking to enhance the "value" element of price/value by offering better food, improved service and broader menus.

One result of this strategy is that competition between segments is increasing, says Robert Sandelman, president of Brea, Calif.-based consulting firm Sandelman & Associates. For example, Coco's has had great success positioning itself as a family restaurant by day, while taking on more-upscale dinner houses for evening business. It uses the tag line, "Dinner house quality food, family restaurant prices." Meanwhile, Sizzler tackles the high end of quick service with the tag line, "Real food for less than you'd spend for fast food."

Operators from all segments are upgrading the quality of the products they serve and increasing portion sizes, often without proportionate price increases. Many of these changes involve meats, which are favorably priced and expected to remain so for 1992. Both Sizzler and O'Charley's have switched to beef that's aged longer, for example, while Applebee's has increased the meat portion of its fajitas.

CHAINS TARGET NEW MEAL PERIODS

Concepts also are stepping up efforts to break into new meal periods. McDonald's sets the pace here; analysts expect the company will finally test a full dinner menu this year. Other chains will continue to explore new meal opportunities. KFC is testing lunchtime salads and sandwiches featuring both fried and nonfried items in some of its mall units. Taco Bell has begun to roll out a breakfast menu featuring value-priced burritos and caramel rolls. And Subway is testing breakfast sandwiches: subs made with ham and egg; bacon and egg; and steak, cheese and egg, along with muffins, pastries, fruit and coffee.

International units such as this Arby's in Nassau will still offer better profits than most domestic stores.

Hardee's, in fact, has appointed three new companywide "daypart directors" responsible for studying menu additions, improving operations and devising promotions during his or her meal period.

CONVENIENCE RULES

At an Amoco gas station in the Chicago area, intercoms mounted on the pumps allow patrons to order from a Burger King unit inside while they fill their tanks outside.

While it begs the obvious one-liners about getting gas at Burger King, it does illustrate that convenience is driving the foodservice industry, and it has grown to mean more than takeout and delivery. Demand for convenience is prompting operators to bring foodservice to the places people work, shop for groceries and get new spark plugs.

Although convenience remains one of the industry's premier growth opportunities, it also is the greatest chance to turn off customers with botched orders, cold food or long waits. In 1992, the emphasis will be on improving systems and customer satisfaction. Just as Domino's 30-minute guarantee set a new standard for delivery, Rally's, which promises "Get it right or get it free," is raising the ante for drive-thru service.

MARKETING STRATEGIES GO LOCAL

The battle for market share will continue its shift to the local level in 1992. A prime

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TOP TRENDS

- **Branded menus, branded concepts.**
- **Value wars rage on.**
- **Chains look for a three-meal day.**
- **Convenience rules.**
- **Marketing strategies go local.**
- **Cost-cutting gets creative.**
- **Labeling laws on the horizon.**
- **Environmental concerns taper off.**

Wendy's, McDonald's and Ryan's are trimming costs with new unit designs.

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example is McDonald's, which last year diverted funds from national television to local markets for use in price-point advertising. It vowed to commit as much as $47 million to the program.

Industrywide, the battle cry is "Outthink, don't out-spend." Television remains important, but it is costly, complicated to buy, and rendered less effective by cable and remote controls. Radio and direct mail, both of which are easily targeted to specific customers in defined markets, will be the hot marketing tools of 1992. Radio also has the advantage of allowing operators to catch impulse buyers at exactly the right moment.

CREATIVE COST CUTTING

With state and local budgets shrinking and consumers still tight-fisted, companies will continue to look for both cost savings and greater efficiencies in 1992.

Across the industry, organizations are looking to flatten their structures. Shoney's, for example, is cutting a layer of management and shifting more responsibility to the unit level. Other businesses will follow the lead of companies like Service America and restructure along lines of business.

Technology represents some of the greatest opportunities for cost savings. New software systems help in labor scheduling and inventory control. Computerized kitchen equipment cuts down on burned foods and waste. Touch-screen ordering systems and automated equipment trim labor costs.

Tapping new dayparts, as KFC is trying to do with a large sandwich menu, will help chains compete for market share.

BARBECUE CHICKEN SANDWICH
CHICKEN SANDWICH
PREMIUM GRILLED SANDWICH
EXPRESS
EXPRESS
EXPRE

LABELS PUT IT IN WRITING

Consumers want to know more about the food they eat, and while mandatory nutrition labeling might not become a fact of life in 1992, a growing number of operators will give nutrition information more play.

A potential trouble spot for 1992 is government restriction on advertising claims. Foodservice marketers rely on terms like "low-fat" and "fresh," and it appears that the Federal Trade Commission might step in to regulate such claims based on Food and Drug Administration guidelines.

ENVIRONMENT CONCERNS SLACK OFF

Concern for the economy is likely to hold the attention of consumers in 1992, and other issues, like the environment, might temporarily take a back seat.

Budget problems will prevent many localities from implementing new recycling programs this year. But any halt will be brief, and smart operators will continue to step up efforts to reduce, reuse and recycle.

A growing number of companies, such as Cracker Barrel, are showing their commitment to change by creating new positions for people whose sole job it is to oversee environmental programs.

Operators in the West are responding to water shortages by adding warewashing systems and toilets that use less water. Even landscaping is changing in dry regions: Green laws may soon give way to xeroscaping, the use of indigenous plants that need less watering.

In the face of escalating utility costs, operators are becoming more energy-conscious. New units and remodels will use energy efficient appliances.

Air pollution is also a concern, and operators will explore means of cutting emissions from wood-burning ovens and trimming idling time in drive-thrus. R&I

KITCHEN SCIENCE WORKS DINING MAGIC

Kitchens become more streamlined to leave staff free to entertain the customer.

By Beth Lorenzini

In the '90s, every change made in design and equipment will demand that attention be paid the Three Es: Entertainment, Efficiency and the Employee.

Across the country, customers are looking for more than a meal when they dine out. They want to be entertained. When the wall between the kitchen and dining room comes down, providing a view of the kitchen staff at work, that's entertainment. When walking into a Southern roadside restaurant in Chicago literally feels like a walking into a *Southern roadside restaurant*, that's entertainment. When having lunch in the corporate dining facility means having ingredients *you* choose cooked in a wok before your very eyes, that's entertainment—at no extra charge.

Chicago's Lettuce Entertain You Enterprises invites customers to dine in everything from Ed Debevic's 1950s diner to Southern-themed Bub City Crab Shack & BBQ. Hard Rock Cafe marries the celebrity music world with food while its cousin Planet Hollywood brings the world of cinema to foodservice. The Olive Garden offers a glimpse of Italy and even features a chef making pasta just inside the door. At Disney's Sci-Fi Dine-In Theatre, customers eat in "cars" while watching science-fiction movies.

'92

"This is the age of instant information and constant media blitz. Americans bore easily," says Chris Schmitt, principal of Chris Schmitt & Associates, Charleston, S.C. "That's why we're seeing so much more fantasy and whimsy in design today, and why we'll see more of it in the next few years." Schmitt captured the trend in his design of The Arizona Bar & Grill in Charleston, S.C., where patrons belly up to a bar shaped like a giant snake.

As flavor explodes on the food scene, colors of interiors of restaurants and cafeterias also have intensified. Reds, yellows and vivid greens echo the colors of vegetables and fruits on the grill or salad bar. Neon attracts the eye. Metals and tiles add color *and* texture. But form and fun follow function as designers create ways to disguise technical features. At the Franklin Institute, Philadelphia, handsome pylons and torchieres provide conditioned air to the dining room, and a bolt of lightning zig-zagging across the ceiling is an added light source.

The films of Frank Capra and design elements of the '40s inspired designer Jordan Moser's interior for the Cypress Club in San Francisco. The result is a wonderland of pudgy, overstuffed furniture and fully rounded architec-

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Customers look for fantasy in design—they want to be entertained.

'92

TOP TRENDS

- **Fantasy themes emerge in restaurant design.**
- **Display cooking brings kitchen into dining room.**
- **Self-service helps ease labor crisis.**
- **Centralized food preparation streamlines kitchen function.**
- **Multipurpose equipment saves space.**
- **Operators work to ensure employee power, comfort and safety.**

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tural curves in elements from doorways to lighting fixtures. The rounded shapes echo the curve-emphasizing women's fashions of the era, 1948 Hudsons and even vacuum cleaners, according to Moser.

THE INSIDE-OUT KITCHEN

In institutional settings, entertainment finds its form in boutique food stations and display cooking. Not only are menus separated into ethnic themes, pizzerias, bakeries, deli stations and produce bars complete with neon lights, bright signs and themed decor, but foodservice employees are performers as they make custom meals to order.

But desire for entertainment isn't the only reason for the increased popularity in food courts and display cooking. Customers perceive increased value when their eggs are cooked before them on the grill, when they see the muffins coming out of the oven, when the roast is carved on the line. What sounds more appealing: choosing angel hair pasta, marinara sauce and Italian sausage from among other options at Marriott's Pasta Pronto station, or opting for an operation's "Italian Pasta Special" straight out of the steam-table pan?

Bringing the kitchen into the dining room doesn't take any more labor—it's simply a matter of repositioning the cooking function. And when that happens, operators find another phenomenon occurs: Employees, face to face with customers, take a greater interest in the quality of their work.

While employees are busy making specialty meals to order, customers are helping themselves to other food favorites. Ira Beer of Beer Associates, Lynbrook, N.Y., cites an increase in demand for hot and cold self-serve islands. "The beauty of the concept is that you sell a variety of high- and low-food-cost items for one carefully figured price per ounce," says Beer. "If a customer chooses a lot of low-food-cost items, the operation really profits, if they choose a mix of high and low, no problem—because the price you've set per ounce was designed to cover the cost of the higher-priced items."

At The Arizona Bar & Grill, designer Chris Schmitt captures fantasy with a very realistic snake bar.

On these hot-cold bars, clever marketing kicks in. Hot lasagna is placed near Italian bread and the salad section. Colorful shish kebabs are positioned near rice. Customers choose what and how much they want. They also help themselves to beverages and microwaveable brand-name entrees they've purchased from the cold vending machine. Self-service takeout is enjoying more success as customers stop by the dining facility before leaving work to pick up a gallon of milk and a pizza.

In a recent *R&I* survey on equipment buying, many of the top 10 intended purchases support the idea that self service is catching on. Among them were microwave ovens, ingredient bins (for self-service bars), reach-in refrigerators (for prepared goods), ice makers (for cold bars), utility carts (to transport goods to the servery) and food scales (to weigh self-serve items by the ounce).

AUTOMATED SCRATCH COOKING

This is the decade of systems. Centralized production, cook-chill and batch packaging of recipe ingredients all are aspects a new efficiency in food preparation.

At Electronic Data Systems, Plano, Texas, three main building clusters feature central

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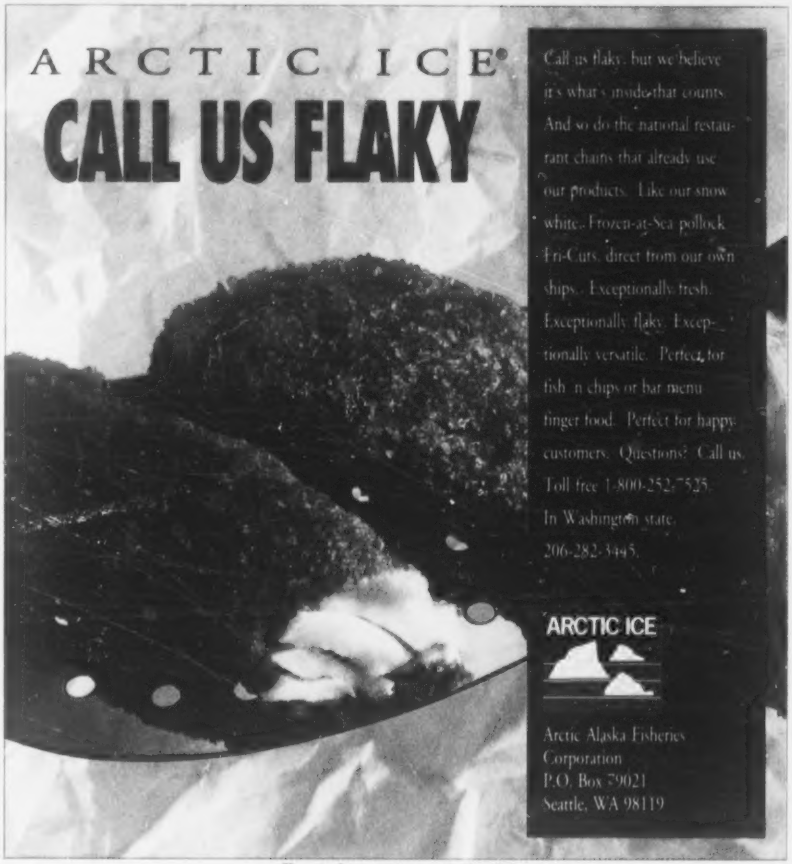

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For information circle **44**

Display cooking enhances customers' value perception.

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kitchens that supply six dining facilities. For the past four years, the foodservice, directed by René Hebert, has consolidated several food-preparation functions. For example, all from-scratch baked goods are prepared in one cluster, all deli meats and cheeses sliced in another, and all hot entrees prepared in the third. Each of the prep kitchens then transports its items to the other five facilities.

This year, a new facility is being built on the campus—the number of EDS employees is expected to double. The new building will include a cook-chill system, further increasing the efficiency of an already break-even corporate-dining operation.

EDS exemplifies how operations can be streamlined without jeopardizing quality. The operation has become expert at cross-training employees—the other side of the efficiency equation. "I am in the business to teach my foodservice associates how to prepare and sell food," says Hebert. That means that EDS foodservice employees are capable of running the deli, the entree station, or the Mexican concept, stocking the salad bar, or preparing foods in the kitchen. "Our staff owns this business," says Hebert. "If they're working the deli, for example, they know how to stock it, serve food and completely clean the station afterward. On that day, the station is their responsibility from A to Z."

At Irvine, Calif.-based Taco Bell, unit kitchens are shrinking as more and more of the ingredients are prepared and assembled centrally. According to a recent *Harvard Business Review*, "Both the front-line workers and their managers focus on serving customers, not on manufacturing meals." By shifting its factory operation from manufacturing to assembly, the article continues, Taco Bell removed more than 15 hours of back-room labor per day from the average operation. The chain is testing drink dispensers that fill cups with ice and soda with the push of a

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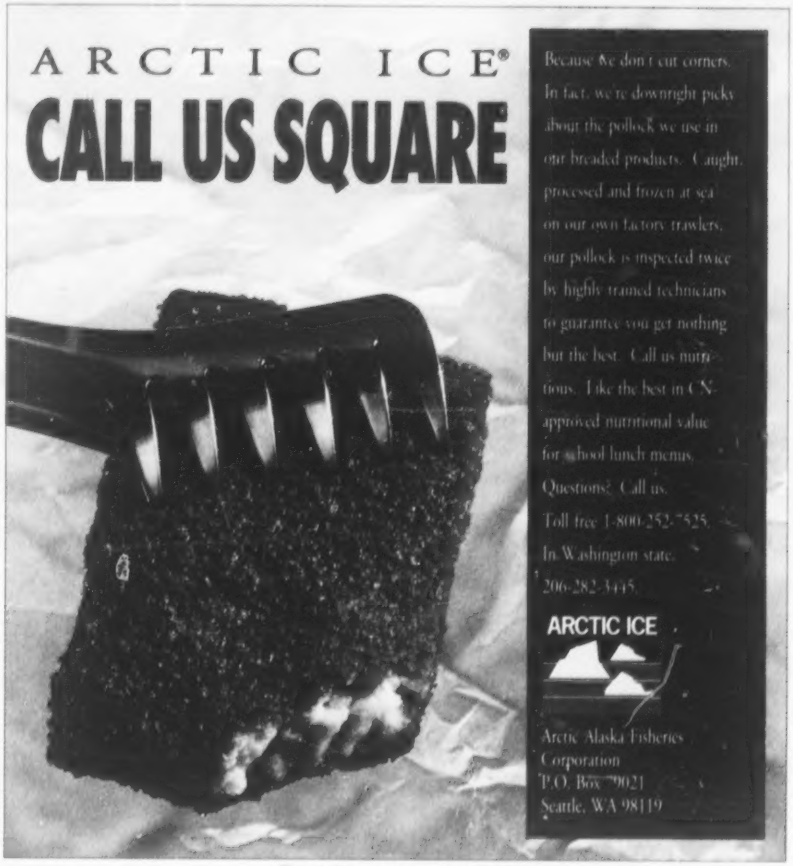
Display cooking enhances value and entertains. Note the attractive merchandising techniques used at this Wood Company corporate-dining account.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Boutique food stations call for attractive display equipment.

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button as well as an automatic taco maker that folds and fills taco shells.

Having a small operation doesn't rule out streamlining. Rather than having chili prepared five ways, depending on the unit and the employee making the chili that day, more operations will choose to package set amounts of ingredients needed to make regularly featured menu items. It's easier to show non-English-speaking or -reading employees that they need two packs of ground beef, a bag of chopped onions, a package of seasoning and a bag of sauce (all of which were prepackaged during a down-time shift), than to show them how to measure out each ingredient on its own.

Small vacuum-bag sealers lend themselves to "kit" creation. Chefs can package everything from their signature spice mixes to a presauced steak. Cut vegetables can be packed and ready for the salad bar or display-cooking station.

POWER TO THE EMPLOYEES

When systems become streamlined, more time is available to make improvements. Through its Quality Improvement Process, Dobbs International, Memphis, has made innovative improvements in kitchen equipment—with ideas that came from its own staff. For example, employees used to have to take three steps to make up airline meals: cart components from a supply room, load them onto a stationary shelf, then unload them onto the conveyor belt. To eliminate the second loading step, employees suggested that the stationary shelf be made mobile. That way, the shelves can be wheeled into the supply room, filled and wheeled back to the tray line.

Another employee-suggested improvement is a piston on slicers that enables employees to use high-pressure air rather than their own strength to slice foods. Sliced tomato production alone increased 150% since pistons were installed. And a $20 perforated copper pipe fitted around the base of sinks used to wash lettuce creates water agitation. The result: Complaints of foreign objects in salads have dropped from an average of 20 a month to one or two.

Finally, graphics rather than writing on the buttons that operate equipment

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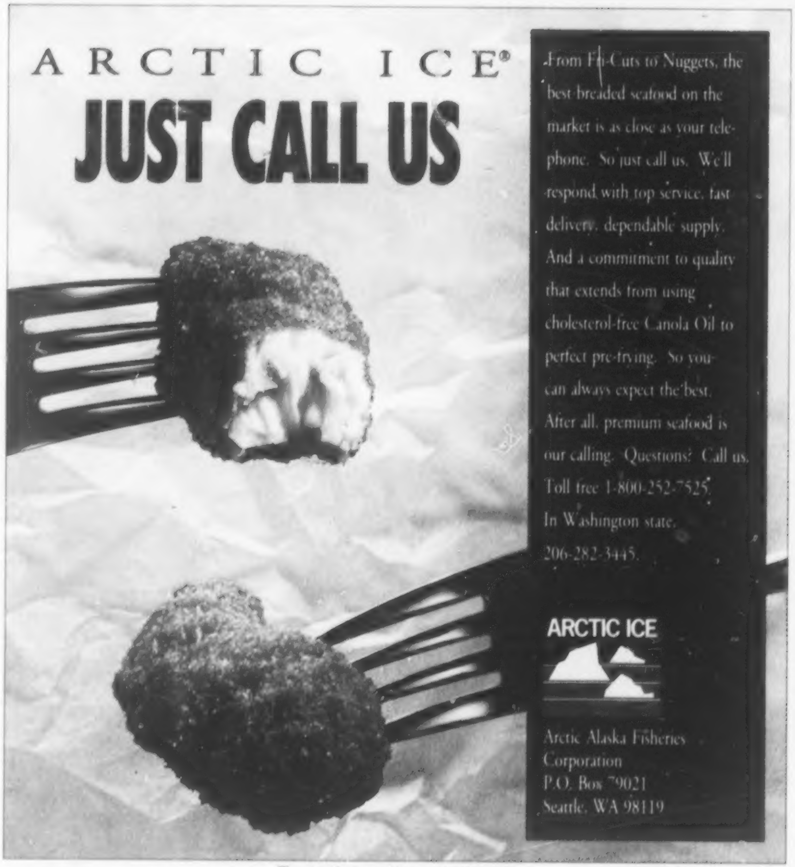
The two popular boutique food-station and takeout concepts are combined at 3M. Good-looking display cases merchandise food effectively.

Tō Gō Store
Frozen Treats



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The '90s challenge: to prepare food faster, better and more safely.

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help employers meet the needs of non-English-speaking and -reading employees. Many mixers, ovens, kettles and fryers can be programmed to cook items featured regularly on menus with the push of a button—rather than requiring that employees figure out time and temperature. Training, too, is turning visual as operators opt to show "how to" on video first.

THE SMALL, CLEAN KITCHEN

The less space needed in the kitchen, the more room for revenue-generating seats. Any piece of equipment that can do double or triple duty will be a hot commodity. Combination oven-steamers, beverage dispensers that make ice and dispense both ice and cups, tilting braising pans that double as griddles, combination coffee/tea brewers and small cook-chill systems are examples.

But the smaller kitchen needs to be clean and comfortable for the staff. Induction heat, widely used in Europe, is making headway stateside in ranges and fryers. Induction heat heats the food in the pan, not the pan or the air around the pan, thus keeping the kitchen cooler. In addition, the surface of an induction heat range is flat—and therefore easy to clean.

More design features make sanitation a priority in the kitchen. These include mobile equipment that can be pulled out and cleaned; slip-resistant, easy-to-clean floor and wall materials; high-pressure water spray systems; and easy-access hand sinks and no-touch hand dryers. If you want a clean and sanitary kitchen, it has to be easy for the employees.

THE AGE OF ACCOUNTABILITY

Increased computer use enables operators to get minute-by-minute status reports on how the operation is running. They know from sales reports and scheduling histories exactly how many employees to schedule each day. Computers track inventories, alerting operators to supply needs and avoiding last-minute shortages and substitutions. Computers log equipment breakdowns, showing the operator the cost of downtime, turning hidden costs into hard costs that operators can parlay into better service from manufacturers. R&I

Good sanitation starts with proper training, but needs to be made easy for employees to make it habit. Having plenty of disposable gloves, hand sinks and no-touch dryers around leaves no room for excuses.

R&I ACTION EXPRESS

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ANNUAL FORECAST

Copies of the *R&I* 1992 Market Forecast are available. To order, contact Christine Campagna, Bureau of Foodservice Research, Cahners Plaza, 1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5080. Phone: (708) 635-8800.

BUSINESS OFFICES

Mark A. Strauss, National Sales Director. **Chicago:** Alana Vondrak, National Sales Coordinator; Candice J. Hammett, Regional Manager; David Weil, Regional Manager; Patricia McGowan, Recruitment/Classified Advertising Manager. Cahners Plaza, 1350 E. Touhy Ave., P.O. Box 5080, Des Plaines, IL 60017-5080. Phone: (708) 635-8800. **Stamford:** William Lazar, Regional Manager, 8 Stamford Forum, P.O. Box 10277, Stamford, CT 06904-2277. Phone: (203) 328-2547. **New York:** Michael Cardello, Regional Manager and National Sales Manager/Beverage Alcohol, 249 W. 17th St., New York, NY, 10011-5301. Phone: (212) 463-6480. **Cleveland:** Jerry Stiegler, Regional Manager, 1621 Euclid Ave., Cleveland, OH 44115-2186. Phone: (216) 696-1800. **Atlanta:** Thomas McElhinny, Regional Manager, Suite 395, 6520 Powers Ferry Rd., Atlanta, GA 30339-2911. Phone: (404) 955-6500. **San Francisco:** John Barkan, Regional Manager, 410 Pacific Ave., San Francisco, CA 94133-4631. Phone (415) 397-0941. **Los Angeles:** Rebecca Roberts, Regional Manager, 18818 Teller Ave., Suite 210, Irvine, CA 92715-1679. Phone: (714) 851-9422. **Japan:** Kaoru Hara, Dynaco International Inc., Suite 1003—Sun-Palace Shinjuku, 8-12-1 Nishishinjuku Shinjuku-ku, Tokyo 160, Japan. Phone: (03) 366-8301.

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SERVING THE TOTAL FOODSERVICE INDUSTRY

JANUARY 22, 1992

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R&I's 1992 AMERICAN FOOD PORTFOLIO

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VOL. 102, NO. 2

R&I CONTENTS/JANUARY 22, 1992

AMERICAN FOOD PORTFOLIO

Hot dogs and huevos rancheros, baked beans and burritos, pasta and apple pie—the list of American classics and ethnic dishes stretches across the country and around the globe. This special issue shows and tells how chefs in four regions—the Northeast, South, Midwest and West Coast—are rethinking the way America cooks. 38

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Is it something in the weather, or in the pragmatic, practical souls of Northeasterners that produces such hearty, simple fare? 44

THE SOUTH

The dining's fine down South, where simple seasonings—salt and pepper—bring out the true flavor of foods. In Florida, Latin American influences spice up fresh-from-the-sea ingredients. 64

THE MIDWEST

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West Coast chefs are still mixing it up—Asian, Italian and Mexican flavors end up all on the same menu—but they're tempering creativity with the comfort factor. Big portions and satisfying flavors are hot out West, as in other parts of the country. . 106

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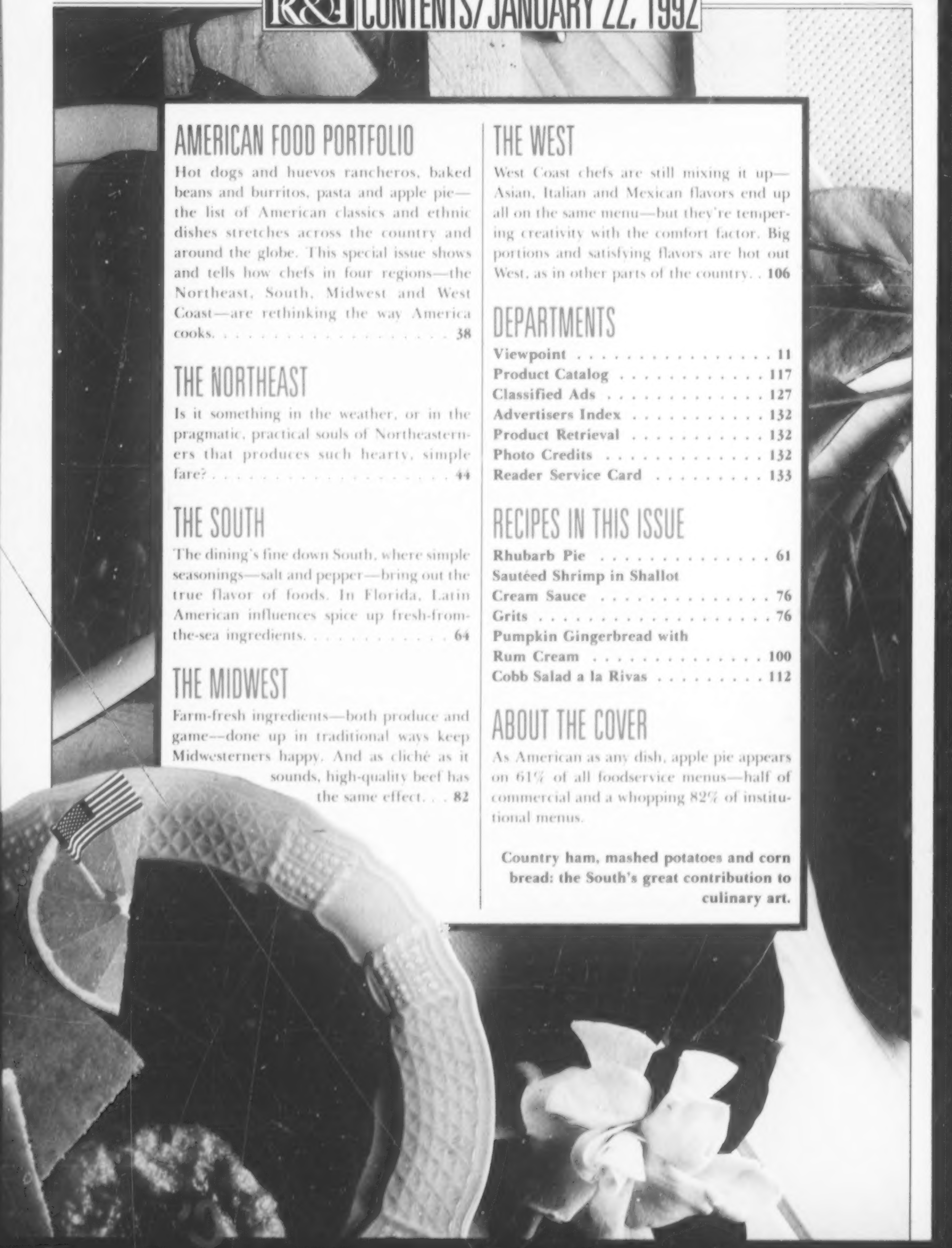
As American as any dish, apple pie appears on 61% of all foodservice menus—half of commercial and a whopping 82% of institutional menus.



Country ham, mashed potatoes and corn bread: the South's great contribution to culinary art.

VOL. 102, NO. 2
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From Ed Rensi to Burt Sugarman, these nine chain executives bear watching this year because their work promises to shape chain foodservice for the rest of the decade. 12

FOR CHART HOUSE, LIFE'S A BEACH

The Solana Beach, Calif., dinner-house operator hopes Beaches, its new "fun food" concept, will balance its stable of upscale restaurants. Plus, news about Outback Steakhouses, Sbarro, Carl's Jr. and Au Bon Pain. 19

FAST-FOOD FACTS

About one-quarter of this country's adults are "heavy" fast-food users, meaning they visit such a restaurant more than three times a week. Read up on them, as well as on KFC's altered advertisements and Chef's Takeout, a concept that really talks turkey. . . 22

SPICY BREAKFASTS

McDonald's, Carl's Jr. and Taco Bell are rolling breakfast burritos nationwide. But will spicy starters perk up soft breakfast sales? Industry watchers say yes, especially if the burritos come with a discount. 28

FIVE HEADS ARE BETTER THAN ONE

Or so thinks Arby's CEO Victor Posner, who has named not one president, but five executive vice presidents for the roast-beef chain. Each is responsible for a different aspect of operations, and so far, his plan seems to be working. 30

New restaurants that test equipment and food will help McDonald's USA shore up flat sales and margins, says President Ed Rensi. Also on his plate: burgerless dinner menus and a pizza rollout.

Ownership Outback-Style

Would you pay $25,000 to be a restaurant manager?

All 50 general managers at the **Outback Steakhouse** chain have.

To attract and motivate high-caliber general managers, Tampa, Fla.-based Outback sells each one a 10% stake in the restaurant he or she runs. The chain also requires that each sign a five-year employment agreement.

The result: "We have 50 people who look at their businesses as owners and try to capitalize on opportunities they see," says Chairman and CEO Chris Sullivan.

On average, Outback managers earn about $85,000 a year: a base salary of $45,000 plus 10% of the restaurant's cash flow, which currently averages $400,000, says Sullivan.

The dinner-only steakhouse chain plans to add about 25 new units in 1992. Last year, systemwide sales totaled $95 million. **—R.C.**

Chart House Unveils Two New Concepts

Solana Beach, Calif.-based **Chart House** is developing two new restaurant concepts intended to give the operator of upscale dinner houses more predictable growth and insulate it from tradedowns.

Beaches is aimed at the low-price "fun food" end of the restaurant spectrum. It will offer salads, burgers, tacos and finger foods for $5 to $10. Average unit volume is projected at $2.2 million per year, with a cash outlay per restaurant of about $850,000.

Mango's is a midscale steakhouse with a South Pacific theme. Menu prices will range from $7 to $13. The company anticipates average unit sales of more than $2 million per year, with a cash investment of about $700,000 per restaurant.

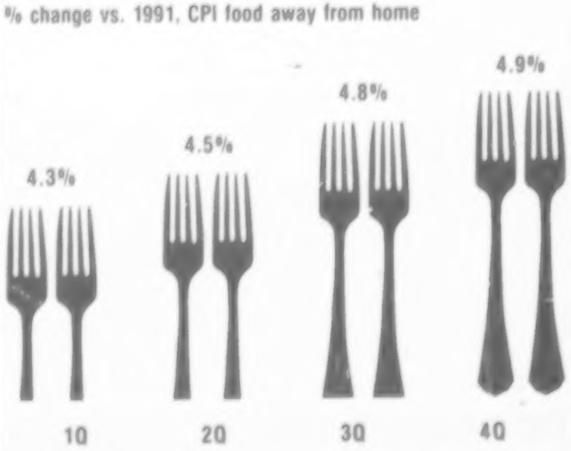
Chart House says the first Mango's and Beaches units will open in Southern California in the first half of 1992. **—R.C.**

In Brief

Sbarro has purchased 10-unit **Square Pan Pizza**, which operates mall restaurants and pizza carts in San Diego and the Pacific Northwest. Sbarro, which is testing its own pizza cart in an office complex on Long Island, says it will study Square Pan's kiosk technology. Meanwhile, it has signed an exclusive franchise agreement with **Scotts Hospitality**, Toronto, that calls for Scotts to open 100 Sbarro units in Canada over the next 10 years. Sbarro says it expects a similar agreement with its UK franchisee, **Forte Group**, to develop units in Germany. . . . **Carl's Jr.** is rolling out a computerized labor-scheduling system that in test cut labor costs by up to one percentage point and raised sales per restaurant by as much as two and a half points. . . . **Au Bon Pain** is making a major push into catering, says Louis Kane, co-chairman. The chain's Midwest franchisee, **ABP Midwest**, generates 15% of sales through catering. Au Bon Pain is "just breaking the surface," with 2.5% of systemwide sales coming from catering, Kane says. The chain has established a central catering office in its Boston headquarters. . . . **JB's Restaurants** will convert 15 to 20 JB's to **HomeTown Buffets**, says President Fred Gonzales. . . . To improve customer service, **Sizzler** is adding guest hosts to its restaurants to explain the menu. Research disclosed that patrons found Sizzler's line to be confusing and unfriendly, says CEO Richard Bermingham. . . . **Uno Restaurant Corp.** says it will double sales of its pizzas through supermarkets to $4 million this year. **—Rajan Chaudhry**

MENU PRICE HIKES TO ACCELERATE

After growing only 3.6% year-over-year in 1991, the Consumer Price Index for foods consumed away from home is expected to rise an average of 4.6% in 1992.



Source: Cahners Economics

KFC, Dunkin' Donuts Curb Health Claims

Both Kentucky Fried Chicken and Dunkin' Donuts will remove some health claims from their print advertising, under pressure from New York State Attorney General Robert Abrams.

KFC, Louisville, Ky., and Dunkin' Donuts, Randolph, Mass., both signed agreements with Abrams in October to remove what he called "inappropriate" health claims from their ads. Abrams' office held that KFC misled the public by comparing the total fat and calories in its Skinfree Crispy product to those in its Extra Crispy pieces, which are double-battered and larger.

Dunkin' Donuts will no longer advertise that its products are "free of cholesterol and more than 90% free of saturated fat." Abrams said the claim is meaningless, since each doughnut still gets 46% of its calories from fat, more than the 30% recommended by most health experts.

Abrams is one of a handful of state enforcement officials—including the attorneys general of California, Massachusetts, Minnesota, Missouri, Texas and Florida—vowing to patrol the gap left by the Nutritional Labeling and Education Act, slated to take effect in 1993. Restaurants are exempt from health-claims regulations in the law, passed last October. **—Brian Quinton**

Chef's Takeout Talks Turkey

Tom Hanson thinks he has developed "the last great franchise" in Chef's Takeout, a six-year-old chain of three restaurants based in Burbank, Calif. The chain features 20-lb. turkeys that are carved to order.

Six cook-and-hold ovens finish the turkeys and hold them at a steady temperature overnight. The cooks start carving at 11 the next morning. Meanwhile, another worker loads pans of macaroni and cheese, lasagna and barbecued beef in a combination oven.

Chef's Takeout carves both turkeys and food costs.

The units do 48% of their business in takeout. Besides the No. 1 seller, turkey, either in a complete entree ($5.95) or a 5-oz. sandwich ($3.79), Hanson offers barbecued ribs, roast chicken and meatloaf. He hopes to start franchising soon, and to have four or five new franchised units up by summer. **—B.Q.**

Frequent Diners Favor Drive-Thrus, Lunch

About one-fourth of adults in the United States are heavy fast-food users, dining at quick-service restaurants three or more times per week. These heavy users typically account for 60% of all fast-food visits, according to Sandelman & Associates, a Brea, Calif.-based consulting company.

The firm's Fast-Track studies of fast-food awareness and usage have revealed the following facts about the important heavy users group:

☐ Heavy users favor drive-thru dining. They opt for the drive-thru on 46% of their visits.

☐ Heavy users prefer lunch. Almost 53% of their fast-food visits are for lunch, compared with 44% for light users.

☐ Compared to the average fast-food patron, the heavy user is more apt to be male, younger, less educated, single and a member of a larger household. **—R.C.**

WHAT CAUSES FOODSERVICE FIRES?

Fire is always a danger in foodservice, of course. But a 1991 National Fire Protection Agency study says more than half of all foodservice blazes from 1984 through 1988 started somewhere other than at the stove.

Cooking equipment	40.7%
Suspicious cause	16.1
Electrical systems	11.0
Other equipment	7.2
Heating systems	6.8
Appliances, air conditioning	5.3
Smoking	5.2
Open flame, embers	3.2
Other	4.5

National Fire Protection Agency, 1991

Hyatt Launches Healthful Menu

Hyatt Hotels Corp., Chicago, is launching a new menu chainwide this month that spotlights back-to-basics fresh, wholesome foods at moderate prices.

"It's not a diet menu," says Robert Dallain, Hyatt vice president of food and beverage. "Portion sizes are normal. It's just well-balanced, good eating."

The new three-meal menu, "Cuisine Naturelle," comprises about 80 items, from appetizers to desserts, says Dallain. Entree prices start at about $5 for a turkey burger. Most dishes fall in the $8 to $12 range.

The menu features organically grown produce, and includes egg-white omelets, buckwheat french toast with light syrup, breast of chicken with mixed greens, grilled monkfish, and marinated pork tenderloin with whole-wheat pasta.

Hyatt will offer the new menu as a supplement to its current bills of fare. The company is contemplating printing nutritional breakdowns on the menu, says Dallain.

In Florida test markets, up to 35% of customers ordered from the menu at dinner, says Dallain. "I think it's what people want in the '90s," he says. —R.C.

Cajun Joe's Launches New Value Menu

Cajun Joe's is rolling out a new menu that features a dark-meat-only value tier for its Chicken Meals, Family Paks and Chicken Only offerings. The menu creates a new low price point, $1.69 for a two-piece meal with the purchase of a drink. The chain hopes to avoid discounting by focusing future promotions on the value-priced items. . . . **Shoney's** will expand its new pie shops systemwide over the next 16 months, says Chairman and CEO Leonard Roberts. In test, the shops boosted dessert sales to 6% of sales from 3%. Investment per unit is about $28,000; Roberts expects sales-to-investment will exceed 2.3 to 1. . . . **Subway** is introducing private-label potato chips. Three additional types of Subway-brand chips—barbecue, dip style, and sour cream and onion—are in test in Indiana. . . . **Brown's Chicken & Pasta** has added a line of "four-star sandwiches," priced from $1.59 to $2.49. Varieties include meatball, Italian sausage, Italian beef, chicken breast and fish fillet. . . . **Fresh Choice** this month is widening its range of fat-free, cholesterol-free offerings to include five new salads and three new soups, but low sales prompted the chain to drop its three varieties of no-fat muffins. New low-fat muffins are in the works . . . **Cracker Barrel** will roll out a bank of 70 "daily special" recipes currently in test in more than 15 stores, says Chairman Dan Evins. . . . **Pizzeria Uno** has launched a new line of gourmet thin-crust pizzas called Plizzettas available in six varieties and priced about $6 to $8. To improve value, the chain now offers bread and salads with all entrees. . . . **Au Bon Pain** is spending $15,000 per unit to add name-brand gourmet coffees to all its bakery-cafes. The costs cover water filters, grinders and holding equipment. The family-dining chain will offer one light roast coffee, one decaffeinated variety and rotating special dark roast coffees, says Co-Chairman Louis Kane. Coffee is approximately 16% of Au Bon Pain's mix. . . . **Sizzler Restaurants** will add two new products, Cobb salad and Chinese chicken salad, to its grill menu in 1992, says CEO Richard Bermingham. The items are priced at $4.99. —R.C.

FIGHTING FOODBORNE ILLNESS

Almost 80% of all U.S. food-poisoning outbreaks occur at foodservice establishments. Improper refrigeration is the culprit more than 40% of the time.

% of all outbreaks caused by the following	
Improper holding temperature	43%
Inadequate cooking	20
Poor personal hygiene	20
Contaminated equipment	12
Unsafe source	8
Other	8

Source: The Centers for Disease Control

Fresh Choice is introducing fat-free, cholesterol-free soups and salads. But it also is adding back some fat to its muffins.

R&I ACTION EXPRESS

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SERVING THE TOTAL FOODSERVICE INDUSTRY FEBRUARY 12, 1992

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SEASONAL FOODS…SPRING PROMOTIONS…LIGHTER FARE

VOL. 102, NO. 4

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ABOUT THE COVER

In salads, soups or as accompaniments, garden-fresh greens and baby vegetables say "spring" on menus.

Marinara, primavera, Alfredo—the great pasta sauces stage a comeback.

R&I PRESENTS

America's Choice in Chains

Cleanliness, atmosphere and variety prove decisive with diners.

By Rajan Chaudhry

If 1992's Choice in Chains winners are any indication, what customers want are clean, comfortable restaurants, broad menus and first-rate food.

Comparing the overall winners from each segment yields some surprising parallels:

Nine winners rate as the cleanest chains in their categories; the other two finish second in their respective categories in cleanliness.

Likewise, nine winners take top honors in their segments for atmosphere. One winner places second in its category for atmosphere and the other finishes third.

Seven of the overall winners score highest in their categories for menu variety.

And six top their segment in food quality.

Of the other attributes measured by the Choice in Chains Survey—value, service and convenience—value is notable for its seemingly small effect on overall satisfaction. In fact, only one overall winner, Red Lobster, scores highest in its segment for value.

Five winners top their segments for service. Only two score highest in their segments for convenience.

Furthermore, when it comes to number of units or size of advertising budget, it appears that bigger is not necessarily better: Only two favorites, Pizza Hut and Red Lobster, score highest in their segments for awareness. And only three chains of choice—The Olive Garden, Pizza Hut and Red Lobster—led their segments in patronage in the 12 months preceding the survey.

WENDY'S WINS AGAIN

For the fourth year running, Wendy's is America's favorite place to grab a burger. Sonic leaps four spots from last year to finish second, while McDonald's slips one notch to third.

Choice in Chains also breaks out scores demographically and geographically. In addition to leading its segment in food quality, menu variety and atmosphere, Wendy's scores highest with both families (3.62) and working women (3.60).

Households with children also give high marks to

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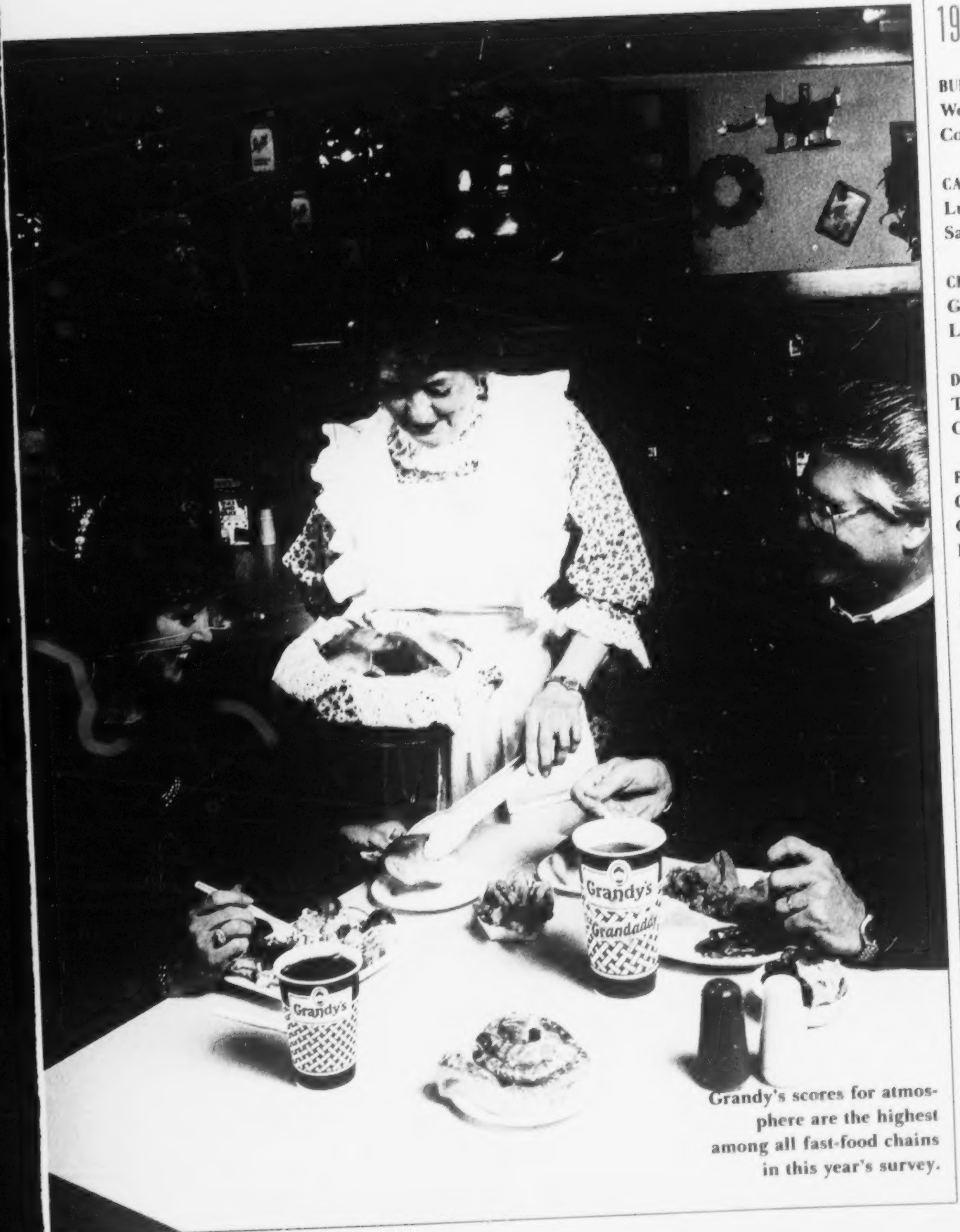

Grandy's scores for atmosphere are the highest among all fast-food chains in this year's survey.

1992 WINNERS

BURGERS
Wendy's
Columbus, Ohio

CAFETERIAS
Luby's Cafeterias
San Antonio

CHICKEN
Grandy's
Lewisville, Texas

DINNER HOUSES
The Olive Garden
Orlando, Fla.

FAMILY DINING
Cracker Barrel
Old Country Store
Lebanon, Tenn.

MEXICAN
Garcia's Mexican
Restaurants
Scottsdale, Ariz.

PIZZA
Pizza Hut
Wichita, Kan.

SANDWICHES
Rax Restaurants
Columbus, Ohio

SEAFOOD
Red Lobster
Orlando, Fla.

STEAKHOUSES
Golden Corral
Raleigh, N.C.

SWEETS
Baskin-Robbins
Glendale, Calif.

Luby's edges out The Olive Garden for survey's highest overall rating.

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Sonic (3.58) and McDonald's (3.53). But McDonald's (3.53) edges out Sonic (3.52) for second place among working women.

Wendy's posts its highest ratings in the South (3.72) and with senior citizens (3.93).

LUBY'S CAPTURES CAFETERIA CROWN

R&I folded buffet chains into the cafeteria segment this year, but that didn't change the outcome: For the third consecutive year, Luby's beats all comers. In fact, Luby's overall satisfaction score (3.95) is the highest in the industry, ahead of The Olive Garden (3.94) and segment rival Morrison's (3.93).

Among cafeteria and buffet chains, Luby's sweeps the quality, variety, service, cleanliness and convenience classifications.

While newcomers to the segment King's Table and Old Country Buffet post the highest value scores in the entire survey—4.08 and 4.05, respectively—they trail the cafeteria chains in nearly all other measures.

Customers vote Cracker Barrel Old Country Store's food quality and variety best in the family-dining segment.

ABOUT THE SURVEY

***R&I*'s Choice in Chains was conducted in October 1991 by National Family Opinion. The Toledo, Ohio-based research firm mailed questionnaires to 4,000 households nationwide, out of which 69% responded.**

Customers rated each chain on a scale of 1 to 5 in seven categories: food quality, menu variety, value, service, atmosphere, cleanliness and convenience. Their scores were averaged to determine an overall index of satisfaction.

Only chains that logged at least 100 visits in the preceding 12 months were included in the final scoring. In the event of a tie, the higher ranking went to the chain with the larger patronage.

Choice in Chains has a margin of error of plus or minus 5%.

Luby's finishes first in its segment among households with children (3.88), ahead of Morrison's (3.81) and Furr's (3.80). Working women, on the other hand, rank Morrison's highest (3.92), followed by Luby's (3.87) and Piccadilly (3.84).

Luby's highest satisfaction figures come from customers in the West (4.13) and those over 65 years of age (4.36). The chain also holds strong appeal for those in the 36 to 45 age group (4.13).

Households earning less than $25,000 per year give Luby's taller marks than any other income group. But satisfaction also runs high among households making $45,000 and over.

GRANDY'S PLUCKS COMPETITION

Grandy's repeats as winner in the chicken segment, prevailing over runners-up El Pollo Loco and Lee's Famous Recipe.

Grandy's walks away with the high scores in atmosphere and cleanliness. Patrons also pick Grandy's as No. 1 in its segment for menu variety.

The chain's atmosphere score (3.58) places it first among all fast-food chains, while its variety score (3.70) trails only Baskin-Robbins (3.94) and Wendy's (3.81).

Among working women, Grandy's scores

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FULL SERVICE

The following operations posted the top scores among full-service chains in this year's survey:

OVERALL	
1. Luby's	**3.95**
2. The Olive Garden	**3.94**
3. Morrison's	**3.93**
FOOD QUALITY	
1. Steak & Ale	**4.29**
2. Stuart Anderson's Black Angus	**4.25**
3. The Olive Garden	**4.23**
MENU VARIETY	
1. T.G.I. Friday's	**4.27**
2. Red Lobster	**4.20**
3. Houlihan's	**4.12**
VALUE	
1. PoFolks	**3.86**
2. Shoney's	**3.77**
3. Cracker Barrel	**3.77**
SERVICE	
1. The Olive Garden	**3.98**
2. Steak & Ale	**3.95**
3. Cracker Barrel	**3.92**
ATMOSPHERE	
1. The Olive Garden	**4.20**
2. Steak & Ale	**4.05**
3. Cracker Barrel	**4.02**
CLEANLINESS	
1. The Olive Garden	**4.09**
2. Cracker Barrel	**4.01**
3. Applebee's	**3.95**
CONVENIENCE	
1. Pizza Hut	**3.62**
2. Shoney's	**3.57**
3. Applebee's	**3.49**

The Olive Garden is the favorite chain of American families.

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3.62, well above the numbers of next-best El Pollo Loco (3.45) and Lee's (3.43). Grandy's also scores first among households with children (3.65), ahead of No. 2 Lee's (3.54) and No. 3 Chick-fil-A (3.48).

OLIVE GARDEN DOMINATES DINNER HOUSES

Since ascending to the No. 1 spot in its segment in 1990, The Olive Garden has emerged as one of the dominant chains in the survey.

The Olive Garden's service, atmosphere, cleanliness and overall scores are not only the highest among dinner houses, they are the highest among full-service chains. And The Olive Garden's overall rating by families (3.96) is unmatched in this year's survey.

The Italian dinner-house chain's highest satisfaction numbers come from patrons in the Northeast (4.08) and those 56 to 65 years old (4.01). The chain also scores well with the affluent 46 to 55 age group, an enviable position given the graying population.

CRACKER BARREL BRINGS HOME THE BACON

With 13 qualifying chains, family dining is the most crowded segment of the survey—which makes Cracker Barrel's superior performance all the more impressive.

With the exception of the value category, in which it finished second to PoFolks, and convenience, Cracker Barrel sweeps every attribute contest in the segment: overall, food quality, menu variety, service, atmosphere and cleanliness.

Furthermore, Cracker Barrel's appeal is exceptionally broad. Not only does the chain finish first in its segment among working women (3.92) and households with children (3.90), but its popularity is almost as strong with those 56 to 65 (3.93) as it is with those 45 and under (3.96).

GARCIA'S GRABS THE GOLD

This year, Garcia's unseated two-time winner Chi-Chi's to claim the title of America's favorite Mexican chain.

Customers vote Garcia's food quality, service, atmosphere and cleanliness the best in the segment.

Garcia's highest marks come from those over 65 (4.62) and those 56 to 65 (4.00). But the chain also scores very well among 36- to 45-year-olds (3.91). And it finds favor with a slightly more educated clientele, with satisfaction peaking at 3.87 among customers who have completed some college.

Likewise, households with children (3.89) and working women (3.82) both rate Garcia's well above both its quick- and full-service Mexican-theme competitors.

PIZZA HUT DELIVERS SLICE OF SATISFACTION

Despite facing two of the strongest niche players in the industry, Little Caesars and Domino's, Pizza Hut's well-balanced attack once again proved superior.

Pizza Hut prevails both in atmosphere and cleanliness. Customers rate the chain second in convenience as well as quality, and give it a respectable third place in vari-

continued on page 90

Rax's scores in menu variety and atmosphere lead its segment. Its marks for cleanliness are second among fast-food chains.

FAST FOOD

The following posted the top scores among fast-food chains in this year's survey:

OVERALL

1. Baskin-Robbins	**3.70**
2. Wendy's	**3.66**
3. TCBY	**3.64**

FOOD QUALITY

1. Häagen-Dazs	**4.47**
2. Baskin-Robbins	**4.28**
3. T.J. Cinnamons	**4.25**

MENU VARIETY

1. Baskin-Robbins	**3.94**
2. Wendy's	**3.81**
3. Grandy's	**3.70**

VALUE

1. Little Caesars	**3.97**
2. Taco Bell	**3.84**
3. White Castle	**3.82**

SERVICE

1. Sonic	**3.76**
2. Domino's	**3.69**
3. El Pollo Loco	**3.69**

ATMOSPHERE

1. Grandy's	**3.58**
2. Long John Silver's	**3.46**
3. Wendy's	**3.41**

CLEANLINESS

1. TCBY	**3.81**
2. Rax	**3.78**
3. Baskin-Robbins	**3.70**

CONVENIENCE

1. McDonald's	**3.99**
2. Domino's	**3.96**
3. Sonic	**3.81**

Baskin-Robbins' overall score is highest among all quick-service chains.

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ety. However, the segment leader shows a few chinks in its armor. Rival Little Caesars proves that it is not only the best value among pizza chains, but the best value in fast food. Its score (3.97) places it ahead of value leaders like Taco Bell (3.84) and White Castle (3.82).

Also, Domino's, which built its franchise on 30-minute delivery, beats Pizza Hut soundly in the areas of convenience (3.96 vs. 3.62) and service (3.69 vs. 3.55). Domino's finishes second in both categories among fast-food chains.

RAX CLEANS UP IN SANDWICH SEGMENT

For the third time in four years, Rax is the people's choice among sandwich chains.

In addition to its segment-high scores in variety and atmosphere, Rax's marks for cleanliness (3.78) are second only to TCBY's in the fast-food arena.

Rax also scores highest among sandwich chains with families and working women (both 3.53).

The chain's strongest satisfaction marks come from the Northeast. According to the survey, Rax pulls best at both ends of the age spectrum: patrons older than 65 (3.64) and those 35 and under (3.51).

RED LOBSTER EXTENDS STREAK

With the exception of convenience, where its quick-service counterparts have the edge, Red Lobster takes every title the seafood segment has to offer, beginning with atmosphere and ending with variety.

The Olive Garden's service, atmosphere, cleanliness and overall scores are the highest among full-service chains.

To some extent, as the only full-service chain in the segment, Red Lobster's high scores are to be expected. If Red Lobster were included in the family-restaurant category, it would place second in overall satisfaction to Cracker Barrel. And if compared with dinner houses, Red Lobster's scores would leave it in the middle of the pack.

GOLDEN CORRAL ROPES STEAKHOUSE TITLE

With five different winners in as many years, the steakhouse segment is traditionally the most hotly contested in the survey. And this year is no disappointment: Golden Corral (3.87), takes only cleanliness and food quality, yet manages to scrape by Quincy's (3.85) for the top spot.

Golden Corral's highest ratings come from customers in the 56 to 65 age bracket, as well as those households with incomes between $15,000 and $34,900 per year. The chain's strong showing among households with children (3.90) places it in the industry's top three for that category.

Among the other contenders, Quincy's scores highest in service, atmosphere and convenience, while consumers vote Ryan's first in variety and value.

BASKIN-ROBBINS: JUST DESSERTS

Baskin-Robbins' 3.70 overall rating is enough to move it past 1989 sweets category winner TCBY and give the ice-cream chain its second consecutive win.

The chain's score is the highest recorded this year for a quick-service chain.

In food quality, Baskin-Robbins finishes second only to Häagen-Dazs in its segment and among all fast-food chains. It scores highest among fast-food chains for menu variety and trails only TCBY and Rax in perceived cleanliness.

Baskin-Robbins boasts the best variety, atmosphere and convenience in its segment, according to customers polled. . . . And the customers are always right.

FAMILY FAVORITES

Households with children rate the following chains highest:

OVERALL

1. The Olive Garden	**3.96**
2. Cracker Barrel	**3.90**
3. Golden Corral	**3.90**

FOOD QUALITY

1. Häagen-Dazs	**4.53**
2. Steak & Ale	**4.35**
3. Baskin-Robbins	**4.26**

MENU VARIETY

1. T.G.I. Friday's	**4.35**
2. Luby's	**4.35**
3. Furr's	**4.23**

VALUE

1. Old Country Buffet	**4.04**
2. Little Caesars	**3.99**
3. Furr's Cafeterias	**3.95**

SERVICE

1. Stuart Anderson's Black Angus	**4.04**
2. The Olive Garden	**4.03**
3. Golden Corral	**3.94**

ATMOSPHERE

1. The Olive Garden	**4.24**
2. Houlihan's	**4.17**
3. Cracker Barrel	**4.14**

CLEANLINESS

1. The Olive Garden	**4.11**
2. Cracker Barrel	**3.98**
3. Applebee's	**3.94**

CONVENIENCE

1. Domino's	**3.98**
2. McDonald's	**3.92**
3. Sonic	**3.82**

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Segment/Chain	Overall index*	Food quality	Menu variety	Good value	Good service	Atmosphere	Cleanliness	Convenience
BURGERS								
Wendy's	3.66	3.86	3.81	3.59	3.63	3.41	3.62	3.68
Sonic	3.59	3.70	3.61	3.62	3.76	3.21	3.40	3.81
McDonald's	3.58	3.45	3.54	3.54	3.55	3.33	3.68	3.99
Hardee's	3.47	3.51	3.55	3.43	3.42	3.25	3.48	3.65
Burger King	3.44	3.53	3.43	3.36	3.39	3.14	3.48	3.76
Whataburger	3.43	3.80	3.34	3.49	3.49	3.10	3.41	3.42
Carl's Jr.	3.41	3.57	3.54	3.24	3.31	3.16	3.54	3.52
Jack In The Box	3.40	3.48	3.69	3.26	3.30	3.09	3.40	3.57
Krystal	3.40	3.46	3.19	3.75	3.42	3.09	3.27	3.60
Rally's	3.38	3.54	3.09	3.72	3.57	2.84	3.31	3.58
White Castle	3.31	3.35	3.03	3.82	3.47	2.93	3.28	3.26
CAFETERIAS								
Luby's Cafeterias	3.95	4.14	4.34	3.85	4.00	3.69	3.95	3.71
Morrison's	3.93	4.07	4.28	3.94	3.94	3.76	3.90	3.62
Piccadilly Cafeterias	3.85	4.04	4.21	3.77	3.83	3.68	3.84	3.60
Furr's Cafeterias	3.82	3.81	4.25	3.94	3.81	3.52	3.86	3.52
Old Country Buffet	3.81	3.94	4.19	4.05	3.69	3.61	3.75	3.47
King's Table	3.69	3.69	4.05	4.08	3.70	3.33	3.59	3.38
CHICKEN								
Grandy's	3.64	3.79	3.70	3.59	3.59	3.58	3.70	3.51
El Pollo Loco	3.58	4.11	3.36	3.72	3.69	3.24	3.55	3.43
Lee's Famous Recipe	3.54	3.83	3.53	3.58	3.57	3.29	3.54	3.45
Chick-fil-A	3.44	3.91	3.25	3.33	3.56	3.13	3.51	3.42
Popeyes	3.43	3.86	3.45	3.50	3.37	3.15	3.29	3.41
KFC	3.41	3.70	3.25	3.38	3.43	3.11	3.42	3.59
Church's	3.36	3.58	3.30	3.56	3.36	3.07	3.24	3.43
DINNER HOUSES								
The Olive Garden	3.94	4.23	4.08	3.60	3.98	4.20	4.09	3.39
Steak & Ale	3.89	4.29	4.00	3.55	3.95	4.05	3.94	3.48
Stuart Anderson's	3.87	4.25	3.97	3.68	3.91	3.98	3.88	3.45
T.G.I. Friday's	3.84	4.13	4.27	3.54	3.80	3.98	3.84	3.29
Houlihan's	3.81	4.13	4.12	3.46	3.68	4.10	3.92	3.29

*Overall index is the average of the seven attribute scores

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Segment/Chain	Overall index*	Food quality	Menu variety	Good value	Good service	Atmosphere	Cleanliness	Convenience
DINNER HOUSES								
Applebee's	3.77	4.09	3.96	3.46	3.59	3.88	3.95	3.49
Marie Callender	3.74	4.14	4.01	3.36	3.65	3.94	3.95	3.16
Bennigan's	3.73	3.96	4.08	3.37	3.73	3.96	3.81	3.19
Chili's	3.68	3.99	3.77	3.39	3.69	3.77	3.78	3.40
Tony Roma's	3.62	4.07	3.73	3.45	3.61	3.60	3.63	3.24
The Ground Round	3.58	3.79	3.91	3.47	3.55	3.63	3.53	3.15
Fuddruckers	3.55	4.06	3.54	3.24	3.55	3.56	3.72	3.16
FAMILY DINING								
Cracker Barrel	3.89	4.12	4.11	3.77	3.92	4.02	4.01	3.30
Bob Evans	3.83	4.07	4.02	3.69	3.91	3.73	3.90	3.48
Shoney's	3.76	3.85	3.95	3.77	3.82	3.62	3.72	3.57
PoFolks	3.75	3.91	3.95	3.86	3.83	3.69	3.71	3.28
Bakers Square	3.72	4.07	4.05	3.53	3.66	3.62	3.84	3.30
Perkins Restaurants	3.68	3.85	3.96	3.53	3.62	3.60	3.71	3.46
Coco's	3.58	3.74	3.86	3.47	3.55	3.50	3.60	3.35
Country Kitchen	3.55	3.64	3.78	3.50	3.55	3.48	3.60	3.30
Denny's	3.54	3.59	3.88	3.57	3.47	3.35	3.54	3.42
Carrows	3.52	3.61	3.89	3.49	3.50	3.33	3.56	3.24
IHOP	3.48	3.70	3.75	3.53	3.51	3.28	3.35	3.21
Friendly	3.47	3.66	3.67	3.39	3.40	3.28	3.46	3.40
Big Boy	3.43	3.48	3.74	3.39	3.39	3.28	3.38	3.35
MEXICAN								
Garcia's	3.79	4.05	3.94	3.61	3.80	3.98	3.77	3.41
Chi-Chi's	3.70	3.95	3.96	3.44	3.67	3.93	3.71	3.25
Taco Bell	3.51	3.58	3.57	3.84	3.49	3.16	3.36	3.59
Taco John's	3.31	3.39	3.35	3.42	3.41	2.94	3.17	3.52
Del Taco	3.24	3.31	3.24	3.29	3.30	2.94	3.20	3.41
PIZZA								
Pizza Hut	3.60	3.98	3.55	3.39	3.55	3.51	3.59	3.62
Little Caesars	3.53	3.69	3.27	3.97	3.58	3.08	3.53	3.62
Godfather's Pizza	3.51	3.89	3.46	3.48	3.54	3.43	3.49	3.31
Village Inn	3.51	3.73	3.63	3.46	3.55	3.38	3.51	3.34
Round Table Pizza	3.48	4.01	3.44	3.26	3.45	3.21	3.48	3.55

*Overall index is the average of the seven attribute scores

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continued from page 94

Segment/Chain	Overall index*	Food quality	Menu variety	Good value	Good service	Atmosphere	Cleanliness	Convenience
PIZZA								
Domino's Pizza	3.41	3.53	3.09	3.34	3.69	2.92	3.33	3.96
Pizza Inn	3.40	3.58	3.43	3.29	3.37	3.33	3.37	3.44
Shakey's	3.37	3.55	3.60	3.42	3.32	3.31	3.23	3.17
Sbarro	3.28	3.53	3.41	3.17	3.33	2.99	3.30	3.20
SANDWICHES								
Rax Restaurants	3.55	3.71	3.64	3.41	3.51	3.37	3.78	3.43
Subway	3.46	3.72	3.47	3.43	3.55	3.00	3.49	3.54
Arby's	3.43	3.73	3.43	3.30	3.41	3.19	3.50	3.46
A&W	3.27	3.49	3.30	3.28	3.36	3.01	3.23	3.20
SEAFOOD								
Red Lobster	3.84	4.14	4.20	3.56	3.84	3.85	3.87	3.42
Long John Silver's	3.56	3.74	3.51	3.51	3.63	3.46	3.61	3.49
Captain D's	3.54	3.69	3.55	3.50	3.64	3.36	3.60	3.47
Skipper's	3.49	3.76	3.48	3.42	3.53	3.29	3.44	3.52
STEAKHOUSES								
Golden Corral	3.87	4.08	4.10	3.89	3.93	3.70	3.80	3.60
Quincy's	3.85	4.02	4.03	3.82	3.96	3.74	3.73	3.67
Ryan's Steakhouses	3.82	4.00	4.14	3.91	3.87	3.61	3.70	3.48
Sizzler	3.81	3.98	4.11	3.75	3.77	3.70	3.78	3.58
Western Sizzlin	3.75	3.91	3.93	3.65	3.80	3.68	3.73	3.57
Bonanza	3.72	3.79	3.96	3.82	3.76	3.54	3.66	3.55
Ponderosa	3.67	3.75	3.97	3.79	3.66	3.45	3.51	3.56
SWEETS								
Baskin-Robbins	3.70	4.28	3.94	3.22	3.66	3.50	3.70	3.58
TCBY	3.64	4.20	3.55	3.28	3.68	3.40	3.81	3.56
Häagen-Dazs	3.52	4.47	3.68	2.93	3.50	3.24	3.70	3.10
Dunkin' Donuts	3.45	3.74	3.43	3.43	3.53	3.07	3.43	3.53
T.J. Cinnamons	3.44	4.25	3.21	3.14	3.63	3.16	3.45	3.27
Carvel	3.44	3.97	3.35	3.28	3.55	2.98	3.46	3.50
Dairy Queen	3.41	3.67	3.46	3.39	3.43	3.09	3.33	3.49
Mister Donut	3.38	3.60	3.31	3.31	3.51	3.11	3.41	3.41

*Overall index is the average of the seven attribute scores

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SERVING THE TOTAL FOODSERVICE INDUSTRY

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R&I Seafood Sampler

CHEFS' FAVORITE FISH DISHES

NEW MENU OPTIONS FOR SHRIMP

LATEST CONSUMER TRENDS

A FISH SCHOOL FOR YOUR STAFF

Plus...

HANDLING FISH WITH CARE

CONVENIENCE PRODUCTS
AND PRESENTATIONS

RECIPES

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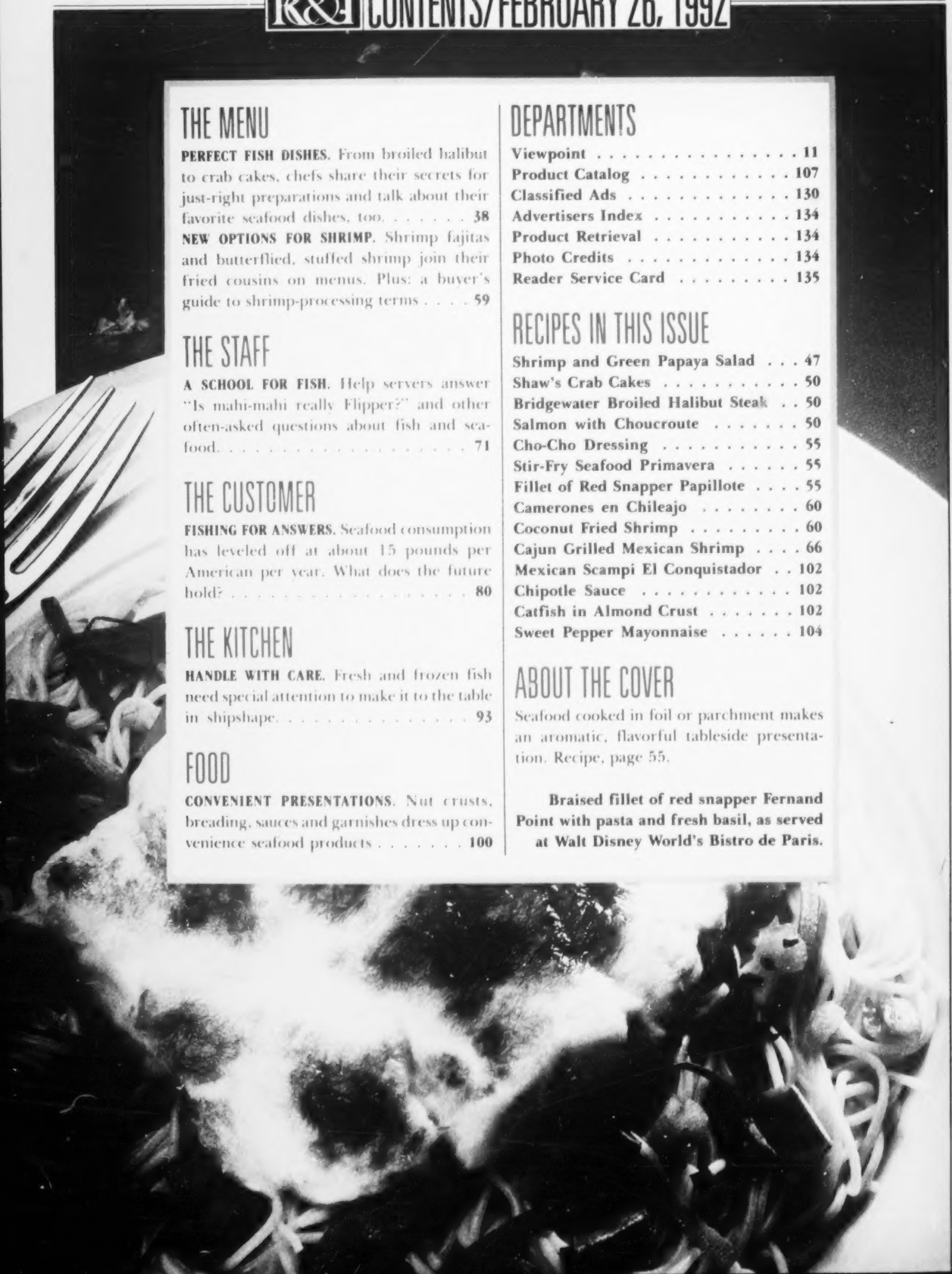

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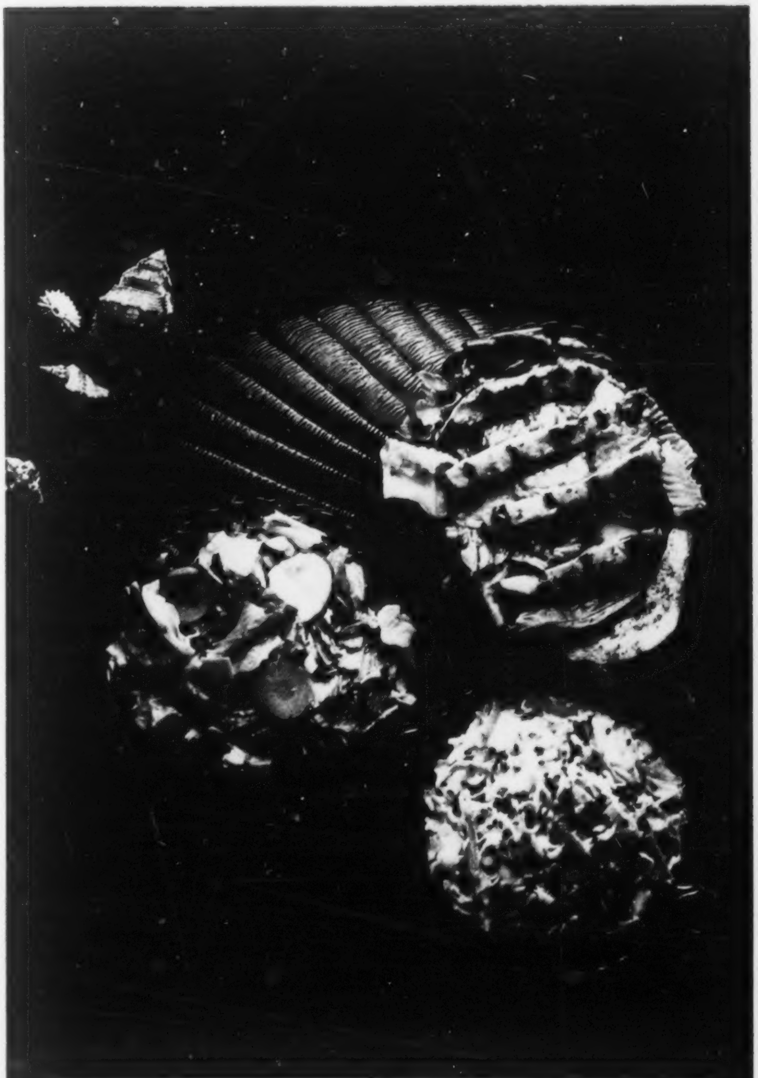

Big 4's chain-to-be, Gill's Grill, offers grilled seafood, chicken and salad to upscale mall customers. Story, page 12.

Chains are rolling new beef programs.

A Cut Above

Add Minneapolis-based Country Kitchen to the list of chains rolling out new beef programs.

Already, Charlie Brown's, Sizzler and O'Charley's have upgraded their beef offerings. Now 245-unit Country Kitchen says it will expand its beef line to include rib eye and strip steak, as well as ribs. The chain currently offers only T-bone and butt steak.

The price for the new beef items, which will hit restaurants this summer, is about $11.

Since switching from choice beef to Certified Angus Beef last summer, Charlie Brown's executives say beef orders have increased about 10%. —R.C.

Penne and Then Some Change at Pantana

Seattle-based Restaurants Unlimited is working the kinks out of the menu at its new concept, Pantana, opened in its hometown late in November.

Pantana is a pasta, salad and wood-burning-oven pizza restaurant that the company is developing as an expansion vehicle. The goal of the changes is to make the menu more comfort- and value-oriented.

Clever entree names have given way to more descriptive titles; for example, "Penne for Your Thoughts" is now "Tomato & Gorgonzola Penne." The restaurant has added starter salads—small versions of existing salads at about half the price. In addition, it has dropped the prices of a few trendy pizzas and bolstered its offering of traditional pizzas, adding pepperoni, sausage and mushroom varieties. To make Pantana's expansive offering of pizzas less intimidating, the restaurant divided the list into three groups on the menu: traditional, no-cheese, and Pantana originals. **—R.C.**

HOT POTATOES

When asked to choose their favorite side dish, 40% of consumers pick potatoes.

Potatoes	40%
Green salad	12
Broccoli	11
Bread	9
Vegetables, misc.	9
Rice	8
Corn	7
Green beans	6
Peas	3

Source: The Gallup Organization, November 1991

Vegging in Texas

Austin-based Schlotzsky's says sales of its new vegetarian sandwich are outstripping those of its popular roast beef sandwich in Houston stores.

The vegetarian sandwich is part of a revamped menu the chain will introduce systemwide this year.

Included on the new menu are 15 overstuffed sandwiches, five varieties of 8-inch pizzas and four salads. Entree prices range from about $2.69 for a small sandwich to $6.99 for a large original muffuletta.

Schlotzsky's tested a new line of pizzas for about two years. Priced at $3 to $3.50, they carry an average food cost of less than 18% of sales, while the chain's original sandwiches boast food costs under 17%. The addition of the pizzas to the menu requires franchisees to add a small pizza oven at a cost of about $1,500 per unit. **—R.C.**

Subway Plans Spring, Summer Promotions

Milford, Conn.-based Subway will promote its 6-inch Cold Cut Combo and a new low price—$1.49—beginning in March.

New thinner meat slices drop the 6-inch Cold Cut Combo by one-half ounce, to 2.5 ounces, and cut food costs, based on the $1.49 price, to about 34% from 40%.

Subway's summer campaign (June 1 through Aug. 31) will depart from price promotion and spotlight the chain's new sliced roast chicken sandwich. Price-point advertising will exist only as a local option, but the chain's new entry-level price, $1.49, will remain in store windows systemwide.

Subway's winter advertising featured a 6-inch hot meatball sub for $1.69. The chain says it has expanded its test of 79-cent, 4-inch round sandwiches to more than 525 restaurants. **—R.C.**

R&I ACTION EXPRESS

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SERVING THE TOTAL FOODSERVICE INDUSTRY APRIL 22, 1992

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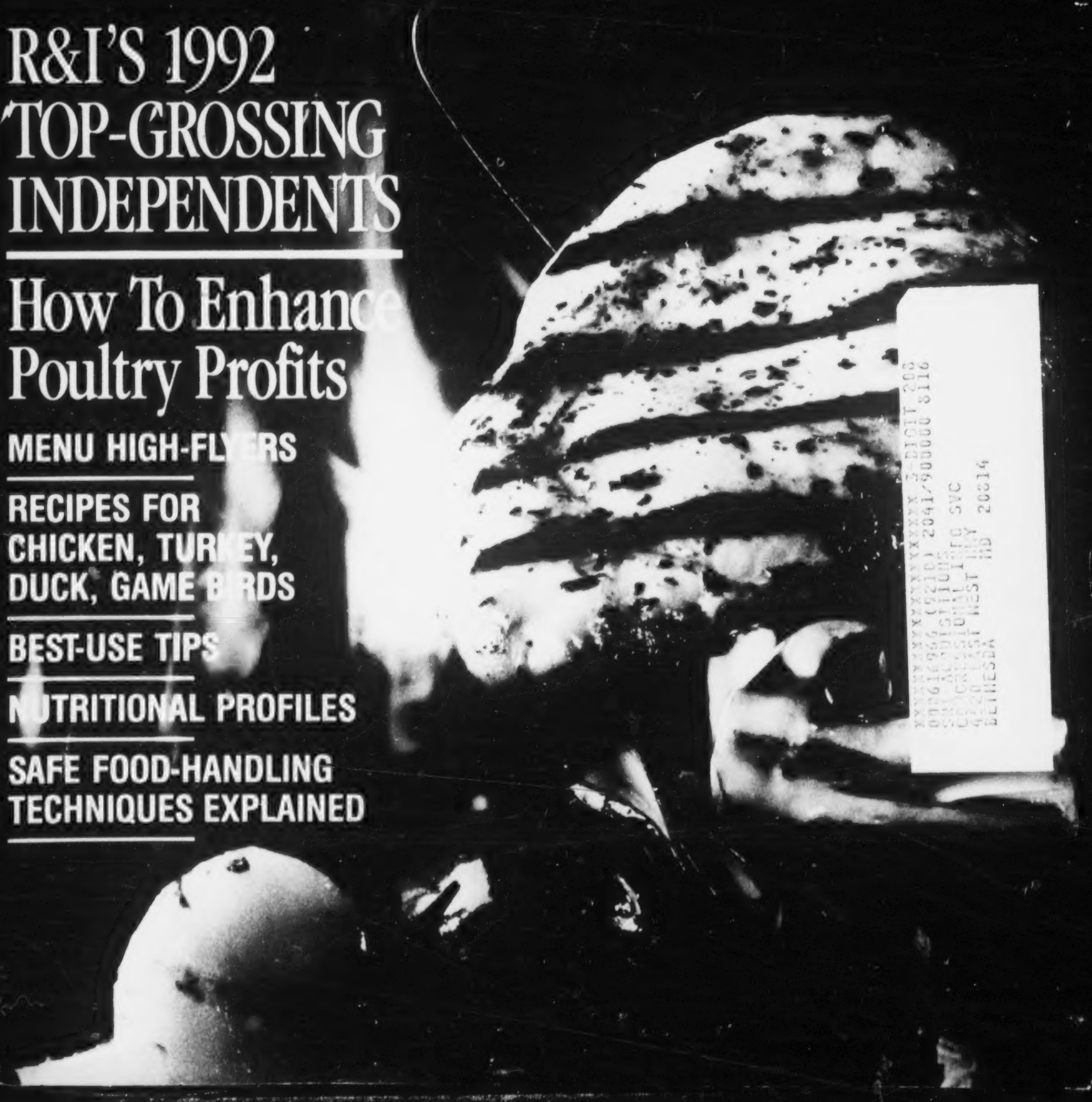

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How To Enhance Poultry Profits

MENU HIGH-FLYERS

RECIPES FOR CHICKEN, TURKEY, DUCK, GAME BIRDS

BEST-USE TIPS

NUTRITIONAL PROFILES

SAFE FOOD-HANDLING TECHNIQUES EXPLAINED

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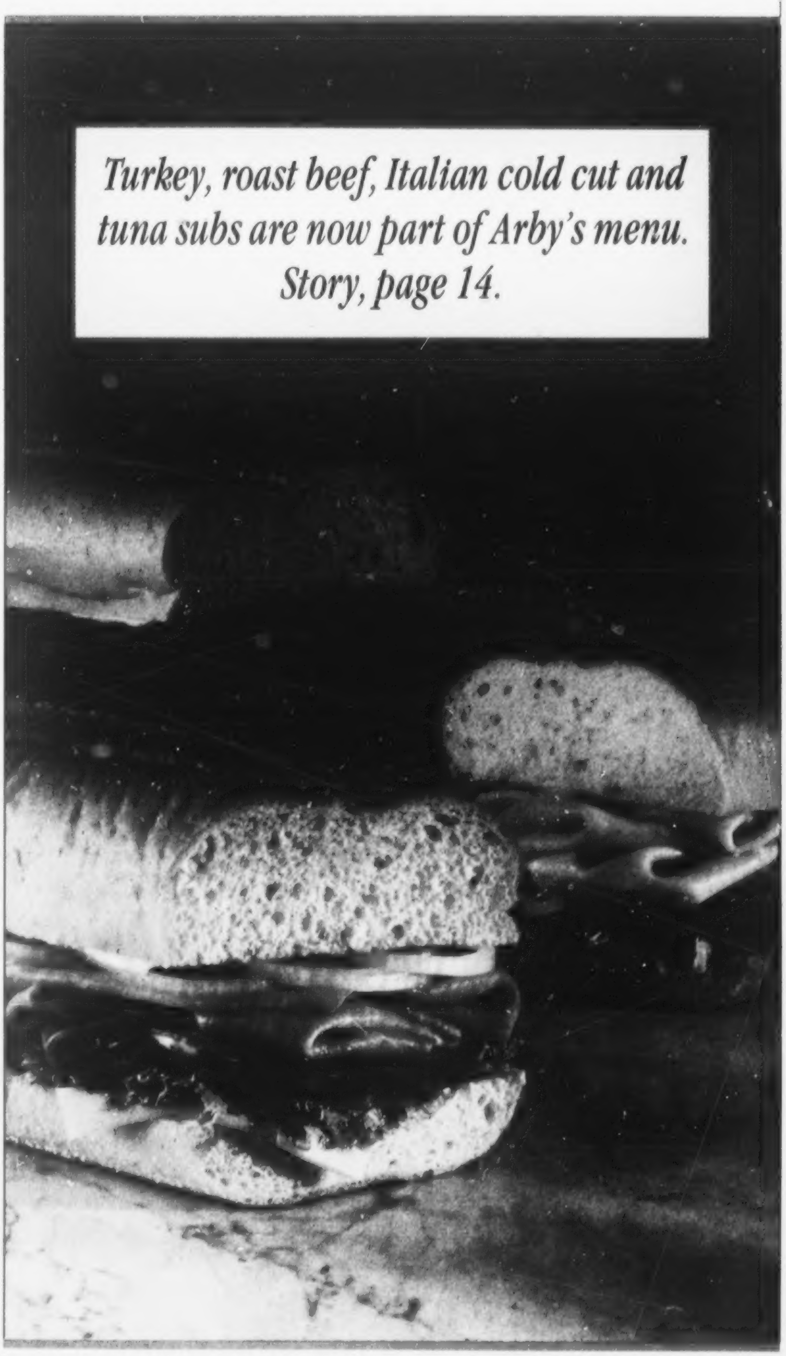

Turkey, roast beef, Italian cold cut and tuna subs are now part of Arby's menu. Story, page 14.

Arby's expects its submarine sandwiches to lure new, younger customers away from burger chains and into its stores.

Arby's Rolls Sub Sandwiches Chainwide

Arby's, Miami, plans to roll out its new line of submarine sandwiches this month. The subs come in four varieties: roast beef, Italian cold cut, turkey and tuna. They are priced about $2.59 for a 6½-inch sandwich and $3.99 for a 13-inch sandwich.

Arby's tested the subs for about a year prior to the rollout. In test, Italian was the best seller, followed by turkey, roast beef, then tuna, says Lloyd Fritzmeier, president of AFA, Atlanta, which directs the chain's marketing.

McDonald's, Burger King and Hardee's all are testing or have introduced deli-style sandwiches.

Sub sandwiches tend to appeal to a young—18- to 34-year-old—and largely male customer base. Arby's core customers traditionally have been 25 to 49. AFA is suggesting that local marketing cooperatives buy spots on the Fox television network and during sporting events to capture the younger customers. "I think that long term, we expect that a lot of our growth will come from the younger customer," Fritzmeier says. **—R.C.**

Carvel Plans Barrage of Menu Additions

Farmington, Conn.-based Carvel Ice Cream Bakery will roll out an array of new ice-cream desserts in June.

The chain plans to build on its bakery positioning with a selection of fruit-flavored swirl cakes in blueberry, raspberry and strawberry varieties; Baked Alaska, a multilayer, multiflavor ice-cream cake with a dairy-based whipped topping; and Tartufos, ice-cream desserts with creamy, liquid fillings and hard chocolate shells.

The swirl cakes are designed to serve 10 to 12 people; the Baked Alaska and the Tartufos will serve one or two, says Syl Sosnowski, vice president of marketing. Prices are not yet available, he says. **—Brenda McCarthy**

Steak & Ale Uncorks 28% Gain in Wine Sales

Changes to Steak & Ale's wine program have lifted sales 28%, according to Vice President of Research and Development Andrew Revella.

To increase value, Steak & Ale has lowered its bottle prices and shifted its emphasis to selling glasses and small carafes of wine. The chain also has pared its wine list and begun printing recommended wines on the menu under each entree. **—R.C.**

Steak Escape Extends Sandwich Line

Steak Escape, Columbus, Ohio, says it will introduce three sandwiches by fall.

Next month, the 85-unit chain will spotlight "Escape to Mexico," a grilled sirloin sandwich topped with salsa, Cheddar cheese, lettuce, tomato and mayonnaise. In July, it will unveil a Turkey-Bacon-Cheddar sandwich topped with lettuce, tomato and mayonnaise. And in September, it will add a Chicken Cordon Bleu sandwich featuring grilled chicken, ham, Swiss cheese and blue cheese.

Steak Escape specializes in cooked-to-order Philly-style sandwiches. All are available in two sizes, 7- and 12-inch. Prices range from $2.69 to $2.99 for the smaller sandwiches and $5.25 to $5.35 for the larger. **—R.C.**

In Brief:

Bertucci's, Woburn, Mass., says that its new lunchtime offering, "Bertucci Menucci," accounts for about 35% of lunch sales. The item pairs a small specialty pizza with a half-size salad for less than $5. . . . **Ho-Lee-Chow**, Ann Arbor, Mich., is teaming with **I Can't Believe It's Yogurt**, Dallas, to test stores that will deliver both Chinese food and frozen yogurt desserts. . . . **Cucos**, a 33-unit Mexican chain based in New Orleans, says it is rolling out a five-entree "heart healthy" menu to all 13 of its company restaurants. **—R.C.**

LIFE IN THE FAST LANE

Last year, almost one quarter of meals purchased at restaurants were taken home to eat. Another 9% never made it.

% of meals eaten in cars	
1985	7.6%
1987	8.2
1989	8.2
1991	8.9

Source: The NPD Group, Park Ridge, IN

R&I'S TOP 100

R&I checks the pulse of America's highest-grossing independent restaurants.

By Jeff Weinstein

During his State of the Union address in January, President Bush acknowledged that the economy was weak and in need of a shot in the arm. He offered ideas and incentive plans to stimulate growth and bolster consumer confidence. To his chagrin, however, he has not been able to implement any of those ideas because he lacks approval from Congress. Despite some signs of a turnaround, the business climate remains lackluster.

The owners of the country's biggest restaurants tend to agree. While operations such as Bob Chinn's Crabhouse, Wheeling, Ill., report that sales increased 12% in 1991, many more report 1% to 10% dips in food and beverage sales. Unlike President Bush, however, these business owners have the power to make changes in reaction to existing economic conditions. And they

The team at the Buckhead Diner, Atlanta: (l. to r.) General Manager David Reiley, Waiter Tom Wilson, Chef-Managing Partner Gerry Klaskala, Co-owner Pano Karatassos, Pastry Chef Ray Graves, Sous Chef Casey Halley, Chef Kevin Isella, Manager Andy McCoy, Public Relations Director Elaine LaMontagne, Manager Dawn Deibert.

are doing just that.

Some of the more upscale top independents are adjusting to the trend toward casual dining. Others are concentrating on improving service to instill customer loyalty. And everyone continues to look for new ways to cut costs and improve the bottom line.

Before going into more detail about how high-volume operators are responding to business conditions, let's take a look at the numbers. As in years past, *R&I*'s Top 100 Independents ranking is based on food and beverage sales only. Each restaurant has been open at least 12 months.

A NEW KING OF THE HILL

Overall, sales for the Top 100 in 1991 were $848,964 million, down 2.8% from $874,145 in 1990. Most noteworthy, however, is the fact that there is a new name atop *R&I*'s Top 100 Independents ranking. Tavern on the Green, New York, has overtaken the perennial leader, Hilltop Steak House, Saugus, Mass. But bad business didn't depose the king of the hill. To the contrary, owner Frank Giuffrida is expanding the concept, and his new unit in Braintree, Mass., cannibalized 15% of sales from the Saugus operation in 1991.

STATE OF THE INDEPENDENT

Following the four ranking pages, Top 100 owners comment on the state of business conditions, cus-

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R&I TOP INDEPENDENTS

1992 rank	Restaurant/city/opened/owner	1991 sales ($ millions)	Seats (incl. banquet)	Dinner check (w/bev.)	Dayparts	People served/year
1	**Tavern on the Green** New York, 1976 Warner LeRoy (LeRoy Adventures Inc.)	$26.065	1,000	43.50	B,L,D	545,000
2	**Rainbow Room** New York, 1934 Joseph Baum & Associates	25.410'	1,200	74.00	B,L,D	381,000
3	**Windows on the World** New York, 1976 Hilton International	25.124	565	48.50	B,L,D	406,152
4	**Hilltop Steak House** Saugus, Mass., 1951 Frank Giuffrida, Jack Swansburg	23.220''	1,300	10.00	L,D	1,754,000
5	**Smith & Wollensky** New York, 1977 Alan Stillman (New York Restaurant Group)	17.867	380	60.00	L,D	367,202
6	**Bob Chinn's Crabhouse** Wheeling, Ill., 1982 Robert Chinn, Marilyn Chinn	14.590	638	24.79	L,D	1,000,000
7	**Phillips Harborplace** Baltimore, 1982 Brice Phillips, Shirley Phillips	14.421	600	18.00	B,L,D	888,000
8	**Gladstone's 4 Fish** Pacific Palisades, Calif., 1981 California Beach Restaurants Inc.	14.282	700	21.00	B,L,D	1,000,000
9	**The Manor** West Orange, N.J., 1957 Harry Knowles & Family	14.039'	1,200	42.00	L,D	333,000
10	**Sparks Steakhouse** New York, 1964 Pat Cetta, Mike Cetta	13.600''	300	60.00	L,D	265,000
11	**Anthony's Pier 4** Boston, 1963 Anthony Athanas & Family	12.500''	650	33.00	L,D	NA
12	**Scoma's Restaurant** San Francisco, 1965 Al Scoma	12.422	360	26.00	L,D	469,687
13	**The "21" Club** New York, 1923 Knoll Intl. Holdings (Marshall Cogan)	12.000	450	65.00	L,D	158,500
14	**The Four Seasons** New York, 1959 Tom Margittai, Paul Kovi	12.000''	400	80.00	L,D	160,00
15	**Spenger's Fish Grotto** Berkeley, Calif., 1890 Frank Spenger Jr., Frank L. Spenger	11.580	700	12.50	B,L,D	850,000
16	**Jerry's Famous Deli** Studio City, Calif., 1978 Isaac Starkman	10.335	295	11.50	B,L,D	1,200,000
17	**Joe's Stone Crab** Miami Beach, Fla., 1913 J. Sawitz-Bass, G. Weiss, S. Sawitz, J. Hershey	10.082	380	29.00	L,D	400,000
18	**The Waterfront** Covington, Ky., 1986 J. Ruby, P. Rose, B. Esiason, C. Collinsworth	9.825	390	35.65	D	149,500
19	**Space Needle Restaurant** Seattle, 1962 Howard S. Wright Family	9.682	240	34.00	B,L,D	383,357
20	**Frankenmuth Bavarian Inn** Frankenmuth, Mich., 1888 William Zehnder Jr. Family	9.423	1,200	10.37	L,D	829,000
21	**Montgomery Inn at the Boathouse** Cincinnati, 1989 Ted Gregory Family	9.385	500	15.00	L,D	775,000
22	**The Lobster House** Cape May, N.J., 1952 Wallace Laudeman, Keith Laudeman	9.274	562	21.00	B,L,D	560,000
23	**The Water Club** New York, 1982 Michael O'Keeffe	9.123	610	55.00	L,D	126,126
24	**Old Original Bookbinders** Philadelphia, 1865 John M. Taxin, John E. Taxin, Albert Taxin	9.100	950	30.00	L,D	182,500
25	**Stars** San Francisco, 1984 Jeremiah Tower	9.000	200	55.00	B,L,D	216,000

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1992 rank	Restaurant/city/opened/owner	1991 sales ($ millions)	Seats (incl. banquet)	Dinner check (w/bev.)	Dayparts	People served/year
26	**Le Cirque** New York, 1974 Sirio Maccioni	$9.000'	125	70.00	L,D	70,000
27	**Rascal House** Miami Beach, Fla., 1954 Norman Stamler, Steve Stamler, Arthur Goodman	8.744	245	9.08	B,L,D	1,500,000
28"	**Commander's Palace** New Orleans, 1883 Ella, Dick, John & Dottie Brennan	8.700"	350	42.00	L,D	200,000
29	**Dock's Oyster Bar and Seafood Grill** New York, 1988 Arthur Cutler, Barry Corwin, Howard Levine	8.668	320	32.50	L,D	280,000
30	**Zehnder's of Frankenmuth** Frankenmuth, Mich., 1856 Edwin L. Zehnder	8.652	1,300	11.25	B,L,D	910,000
31	**The Russian Tea Room** New York, 1926 Faith Stewart-Gordon	8.385	325	45.00	L,D	205,700
32	**The Berghoff** Chicago, 1898 Herman and Jan Berghoff	8.370"	700	13.00	L,D	NA
33	**Kelly's Roast Beef** Revere, Mass., 1951 Dorothy McCarthy, Raymond Carey	8.179	0	8.35	L,D	950,000
34	**Gallagher's Steak House** New York, 1937 Jerome Brody	8.100	240	35.00	L,D	250,000
35	**Shaw's Crab House** Chicago, 1984 R. Melman, F. Joast, C. Haskell, R. Wathel	8.056	370	33.00	L,D	281,000
36	**Twin Oaks** Cranston, R.I., 1933 William DeAngelus Jr.	7.641	550	12.50	L,D	500,000
37	**Harry Caray's** Chicago, 1987 HC Management	7.600	175	32.00	L,D	288,800
38	**Canter's** Los Angeles, 1948 Jacqueline Canter	7.600"	450	7.50	B,L,D	1,080,000
39	**Old Ebbitt Grill** Washington, 1856 Stuart Davidson, John Laytham	7.540	350	18.00	B,L,D	546,000
40	**Grand Concourse** Pittsburgh, 1978 C.A. Muer Corp.	7.513	564	30.00	L,D	340,388
41	**Jimmy's Harborside** Boston, 1924 Charles Doulos	7.500	465	25.00	L,D	250,000
42	**Arnaud's** New Orleans, 1918 Archie Casbarian	7.463"	1,000	40.00	L,D	174,000
43	**Harris Ranch** Coalinga, Calif., 1977 John Harris, Carole Harris	7.386	695	18.00	B,L,D	575,915
44	**Cliff House** San Francisco, 1973 Dan Hountalas	7.373	190	23.80	B,L,D	330,000
45	**Bern's Steak House** Tampa, Fla., 1956 Bern Laxer, Gert Laxer	7.200'	320	33.00	D	180,000
46	**Venus de Milo** Swansea, Mass., 1960 Ronald Ferris, Monte Ferris	7.131	3,000	15.00	L,D	400,000
47	**Kowloon** Saugus, Mass., 1960 William Wong, Madeline Wong	7.119	1,200	12.00	L,D	NA
48	**The Angus Barn** Raleigh, N.C., 1960 Alice Eure, Van Eure	7.101	550	33.00	D	215,000
49	**Scoozi** Chicago, 1986 R. Melman, F. Joast, C. Haskell, R. Wattel	7.066	390	21.00	L,D	312,000
50	**Shorebird Beach Broiler** Honolulu,, 1979 John McManus, Eric Horst	7.050	300	17.00	B,D	328,500

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R&I TOP INDEPENDENTS

1992 rank	Restaurant/city/opened/owner	1991 sales ($ millions)	Seats (incl. banquet)	Dinner check (w/bev.)	Dayparts	People served/year
51	**Fisherman's Grotto No. 9** San Francisco, 1935 Nino Geraldi	$7.000	500	20.00	L,D	310,000
52	**Junior's** Brooklyn, N.Y., 1950 Walter Rosen, Marvin Rosen	7.000	500	14.00	B,L,D	912,500
53	**Le Bernardin** New York, 1986 Maguy LeCoze, Gilbert LeCoze	7.000	120	68.00	L,D	96,000
54	**15th Street Fisheries** Fort Lauderdale, Fla., 1979 Michael Hurst	6.900**	320	30.00	L,D	220,000
55	**Gibby's Steaks & Seafood** Fort Lauderdale, Fla., 1978 Donald Hersh, Steven Hersh	6.868	600	21.82	L,D	337,633
56	**Manhattan Ocean Club** New York, 1984 Alan Stillman (New York Restaurant Group)	6.808	220	55.00	L,D	121,559
57	**Ditka's** Chicago, 1986 M. Ditka, F. Pontillo, J. Vainisi	6.800*	300	30.00	L,D	125,000
58	**Longhi's Cafe** Lahaina, Hawaii, 1976 Robert J. Longhi, Peter L. Longhi	6.721	225	37.00	B,L,D	364,000
59	**Allgauer's Fireside Restaurant** Northbrook, Ill., 1974 Frank Allgauer	6.700**	1,100	20.00	B,L,D	235,000
60	**Lawry's California Center** Los Angeles, 1970 Thomas J. Lipton Co.	6.628	1,000	17.71	L,D	490,328
61	**John Dominis** Honolulu, 1979 Dominis G. Anderson	6.573	280	55.40	D	121,000
62	**Montgomery Inn** Montgomery, Ohio, 1951 Ted Gregory Family	6.483	400	15.00	L,D	550,000
63	**Water's Edge** Long Island City, N.Y., 1984 Marika Somerstein, Stuart Somerstein	6.438	500	50.00	L,D	NA
64	**Pacific Dining Car** Los Angeles, 1921 Wesley Idol II	6.407	185	42.50	B,L,D	246,010
65	**Grand Central Oyster Bar** New York, 1910 Jerome Brody	6.385	500	26.17	L,D	337,500
66	**Knickers Restaurant** Des Plaines, Ill., 1982 Nicholas Mitchell	6.340	1,250	21.75	L,D	365,000
67	**The River Cafe** Brooklyn, N.Y., 1977 Michael D. O'Keeffe	6.317	125	82.00	L,D	79,978
68	**Broadway Deli** Santa Monica, Calif., 1990 Michel Richard, Bruce Marder, Marvin Zeidler	6.300	200	15.00	B,L,D	365,000
69	**Bub City Crabshack & Bar B.Q.** Chicago, 1989 Lettuce Entertain You Enterprises	6.300**	1,100	21.00	L,D	255,000
70	**Ben Benson's Steakhouse** New York, 1982 Ben Benson	6.250	250	54.60	L,D	129,800
71	**Brennan's** New Orleans, 1946 Owen Brennan	6.250**	500	55.00	B,L,D	240,000
72	**Tangier Restaurant** Akron, Ohio, 1954 Edward J. George	6.243	2,200	17.50	L,D	220,000
73	**Fishbones Rhythm Kitchen Cafe** Detroit, 1989 Ted Gatzaros, Jim Papas	6.149	300	20.00	L,D	292,000
74	**Yesterday's** Fort Lauderdale, Fla., 1975 Peter Goldhahn	6.122	400	30.00	D	220,00
75	**Canastel's** New York, 1985 Mark Packer, Frank Packer	6.100	250	35.00	L,D	100,000

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1992 rank	Restaurant/city/opened/owner	1991 sales ($ millions)	Seats (incl. banquet)	Dinner check (w/bev.)	Dayparts	People served/year
76	**Gotham Bar & Grill** New York, 1984 J. Kretchmer, Robert Rathe, Richard Rathe, J. Bliss	$6.100	165	57.00	L,D	108,000
77	**Spago** West Hollywood, Calif., 1982 Wolfgang Puck, Barbara Lazaroff	6.100**	160	50.00	D	128,300
78	**Champps Americana** Minnetonka, Minn., 1990 Dean Vlahos	6.090	225	12.30	L,D	600,000
79	**Nashville Union Stock-Yard Restaurant** Nashville, Tenn., 1980, Buddy Killen	6.066	300	23.00	L,D	225,000
80	**Jimmy's** Beverly Hills, Calif., 1978 Jimmy Murphy	6.000	400	45.00	L,D	NA
81	**Junior's Restaurant** West Los Angeles, 1959 Marvin Saul, David Saul	6.000	236	7.25	B,L,D	550,000
82	**The Omega** Niles, Ill., 1984 G. Stavropoulos & Partners	6.000	400	6.00	B,L,D	1,100,000
83	**Louis Tambellini's** Pittsburgh, 1946 John Tambellini, Andrew Tambellini	6.000*	750	20.00	L,D	450,000
84	**Ralphie's Diner** Timonium, Md., 1989 Michael Pachino	6.000*	200	15.00	L,D	280,550
85	**Brennan's of Houston** Houston, 1967 Ella, Dick, Dottie & John Brennan	6.000**	350	45.00	L,D	NA
86	**Café des Artistes** New York, 1915 George Lang, Jenifer Lang	6.000**	110	50.00	L,D	124,000
87	**Mr. B's** New Orleans, 1979 Cindy Brennan, Ralph Brennan	6.000**	240	31.00	L,D	NA
88	**Union Oyster House** Boston, 1826 Joseph Milano, Mary Ann Milano, Mary Milano	5.858	620	17.00	L,D	441,000
89	**Salty's on Alki** Seattle, 1985 Happy Guest International	5.850	300	33.50	L,D	170,000
90	**Cafe Iguana** New York, 1987 Joyce Steins	5.800	300	23.00	B,L,D	171,080
91	**Market Street Grill** Salt Lake City, 1980 John Williams	5.782	299	19.95	B,L,D	379,818
92	**F. McLintocks Saloon & Dining House** Shell Beach, Calif., 1973, Bruce M. Breault, Tunny Ortali	5.750	367	16.35	L,D	300,000
93	**Chez Josef** Agawam, Mass., 1969 Allan Skole	5.714	1,800	33.47	B,L,D	171,890
94	**Hampshire House** Boston, 1969 Thomas Kershaw	5.698	500	28.00	L,D	254,800
95	**Carnegie Deli & Restaurant** New York, 1945 Milton Parker	5.645	166	14.00	B,L,D	NA
96	**Buckhead Diner** Atlanta, 1987 P. Karatassos, P. Albrecht, G. Klaskala, D. LaRosa	5.620	250	22.00	L,D	305,000
97	**Ray's Boathouse** Seattle, 1949 R. Wholers, J. Sikma, E. Gingrich, E. Lasher	5.606	240	30.00	L,D	110,128
98	**Mai Kai** Fort Lauderdale, Fla., 1956 Mireille Thornton	5.600	536	33.00	D	200,000
99	**Chateau Restaurant of Waltham** Waltham, Mass., 1938 Louis Nocera, Marianne Skerry	5.567	800	10.50	L,D	572,000
100	**Leona's on Sheffield** Chicago, 1950 Toia Family	5.550	300	12.00	L,D	880,000

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tomer loyalty, competition, the costs of doing business and the labor market.

While most say building business has been challenging, a sense of optimism comes through. "Even though business has been a bit slow, I feel good about our prospects," says Jimmy Murphy of Jimmy's, Beverly Hills, Calif. "Business isn't coming back in leaps and bounds, but I feel people's confidence gradually returning."

HONEST OPTIMISM

Top 100 operators' moods can be best described as ranging from deep concern to honest optimism.

"In my 22 years in the business, I've never seen such a severe mood swing in America's attitude toward dining out," says Jeff Ruby, co-owner of the upscale Waterfront restaurant, Covington, Ky. The Waterfront dropped from $11 million in sales in 1990 to $9.8 million in 1991.

"I'm facing the greatest challenges I've ever seen. Either you react to changing attitudes and massage your concept, or you retire," says Ruby. "The '80s was the decade of excess and the '90s will be the decade of the customer. Customer sovereignty will be greater than ever."

Ruby has wasted no time adjusting his concept. He has downscaled the lettering on the front of his menu, taken the dining-room captains out of tuxedos and into jackets, and the chefs out of trendy baseball caps into toques.

> *"Business is highly competitive as usual. Stronger operators will have an easier go in the next six months, while the economy takes its toll on weaker players."*
>
> **—Alan Stillman, Smith & Wollensky, New York**

Also, diners can find moderately priced roast chicken with mashed potatoes on the menu for the first time.

To take the edge off further, Ruby was going to add the name "Bar and Grill" to the restaurant. But the day the news became public, corporate clients started canceling reservations. He reversed his decision and took out a half-page ad in the local newspaper to clear up the confusion. "I realized my customer base has come to expect a certain level of skill and culinary depth," says Ruby. "Yet I must provide more mass appeal than ever before. So in matters of principle, I will stand like a rock. In matters of pace, I will swim with the current. That is what I have to do to survive today."

Murphy feels good about his prospects for the remainder of 1992. But he does have an enemy, and it isn't the economy. "State and local government restrictions are hurting me the most," he says. "The city council on a whim decides to ban cigarette smoking in restaurants. That is 20% of my business that I can't afford to lose."

In addition, Murphy faces numerous workers' compensation suits because of California's liberal labor laws. Still, he is optimistic. "It may take a few years to get back on track, but we will overcome these problems," Murphy says.

At Spenger's Fish Grotto, Berkeley, Calif., business is "pretty good," says owner Frank Spenger. "We have inexpensive prices and give large portions of quality food. People always go for that combination."

At Jimmy's, Murphy says a percentage of his customers who used to come in twice a week now come in once a week. "They may be going to lesser-priced restaurants that second time, or staying home altogether," Murphy says. "Some are saving us for special occasions now, while others don't want to appear as too affluent at this time and go to more casual, midscale restaurants." But Murphy adds that he expects business to pick up again when the economy picks up.

To increase takeout sales and his profile in the community, Spenger built a wooden kiosk in front of his restaurant and started selling from it a fish sandwich with coleslaw and french fries for $3.25. "People are waiting in line, and I'm starting to feel

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like McDonald's," Spenger jokes. "But once you get someone for a quick lunch, they start thinking about us when they make dinner plans."

The mood also is more upbeat at the Old Original Bookbinders in Philadelphia. "I've been down in the dumps about business until recently," says partner Albert Taxin. "Business is starting to pick up. The latest monthly numbers are better than the two previous years'."

Taxin says the city of Philadelphia is on the mend as well. The citizens like the new mayor, Edward Rendell, and are acting more optimistic. In addition, Taxin expects his business to benefit from the convention center scheduled to open in 1993. "The empire is saved," says an upbeat Taxin. "We are doing better. We have weathered the storm."

Before the turnaround, Bookbinders faced stiff competition from the likes of Morton's of Chicago and Ruth's Chris Steak House—both chains recently opened restaurants in the Philadelphia area. But unlike Ruby, Taxin didn't make any drastic changes.

"No matter who you are, people get tired of you after awhile," says Taxin. "I used to change the menu because I was tired of the food, not the customers. I learned to stick with what I have. The loyalty is there and customers are starting to come back."

> *"We cut costs 10% across the board and asked management to watch the overtime on labor. Consequently, we had our best year, even with the cuts."*
>
> **—JoAnn Sawitz-Bass, Joe's Stone Crab, Miami Beach, Fla.**

CHANGING LOYALTY

Other operators haven't found this to be the case. "Is there such a thing as loyalty anymore?" laments Pano Karatassos of the Buckhead Diner, Atlanta. "I don't think there is. And I don't blame the people with all the choices out there today."

Karatassos says he still has some loyal customers, but they don't return as often as they used to. "Instead of once a week, now it's once a month. And the return factor at my fine-dining concepts is even worse."

Alan Stillman of Smith & Wollensky, New York, agrees. "Unless you are really good, there are so many choices today that the customer no longer needs you."

JoAnn Sawitz-Bass of Joe's Stone Crab, Miami Beach, Fla., contends loyalty remains strong among those who can still afford to eat out often and haven't been hit by the recession. "Some offices are cutting back on business meals, and we feel the loss," she says. "We've also had banks and two major airlines go out of business. We have felt that loss, too."

Sawitz-Bass, shown on this page with son Stephen Sawitz and daughter Jodi Hershey (r.), plans to compensate by taking better care of locals, for instance, seating them before tourists when there is a two-hour wait during the winter tourist season. "I want to remain a hometown restaurant. Our locals are our bread and butter."

Recent publicity surrounding the safety of seafood also has helped sales, according to Spenger. "Our business has actually increased since all the publicity because people trust our product quality and preparation techniques," he says.

At Hilltop Steak House, the weak economy has helped create loyalty. "We are such a great value, a certain percentage of our customer base is coming in even more than before," says President and Chief Operating Officer Kevin Leary.

COSTS REMAIN MANAGEABLE

The cost of doing business, like the cost of living, is always going up. But food and labor costs currently are under control, operators say, and insurance expenses, with the exception of health care, are under control as well. Nonetheless, the excessive '80s are history, and every operator is looking for ways to trim the fat.

In September 1990, Sawitz-Bass

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called in her staff at Joe's Stone Crab to announce a 10% cut in expenses across the board, including advertising and public relations. She also asked management to cut overtime charges. Consequently, 1991 was her best year. "I found out if we really tried hard, we could trim some of the fat without really hurting ourselves."

Expenses went down at Bookbinders after the owners hired a chef who is also skilled as a kitchen manager. "The new chef has created a good working atmosphere in the kitchen," says Taxin. "It's no longer management against employees. People are working harder, as a team, and as a result, labor costs are down."

"To increase takeout sales and my profile in the community, I built a wooden kiosk and started selling a fish sandwich with coleslaw and french fries for $3.25. People are waiting in line and I'm starting to feel like McDonald's."

—Frank Spenger, Spenger's Fish Grotto, Berkeley, Calif.

LABOR POOL DEEPENS

With all the news about layoffs and rising unemployment rates, restaurant owners figured to benefit from a growing supply of job candidates. For the most part, this has not been the case because the quality of applicants has not matched the requirements of the job, especially for management positions. Top 100 operators add that good candidates know the restaurant business isn't a 9 to 5 business. Many potential applicants figure there is an easier way to make a dollar.

Murphy, however, disagrees with that outlook. He says young people, in California, at least, see many of their contemporaries making a good living in the foodservice industry. "As a result, we're attracting more quality people who want to make a career out the restaurant business."

Either way, Top 100 operators don't consider themselves faced by a labor crisis. For one, new-job prospects aren't as rosy, so top-of-the-line employees are staying where they are. "People are holding on to their jobs now more than ever. If a new place doesn't work out, they aren't so sure they'll have another place to hop to," says Stillman.

THE COMPETITION STRIKES

Back in the 1970s, when Karatassos was the king of the upscale market in Atlanta, he considered himself invincible. No one could copy what he did at Pano's & Paul's. Today, he is more like a prince. "Little did we know that the casual restaurants would be pulling business away from our fine-dining operations," Karatassos says.

Karatassos is now deeply entrenched in the casual market and, along with Peasant Group, still is a leading operator in Atlanta. In addition, some of the weaker competitors are falling by the wayside during this tough economic climate. But Karatassos knows the market is saturated and that people have choices. So for the first time, he says, he is working at things he took for granted in the past. "We have to work at uncovering new sources of business," he says.

These efforts include booking more private functions and catered events. His staff calls hotel concierges every day to court business. "We do anything and everything we can to get more than our share of business and hope we keep up with last year. It has been somewhat of a struggle as of late."

Sawitz-Bass agrees. The Art Deco district of Miami Beach, Fla., is attracting a lot of attention. "I can't keep up with all the restaurant openings," she says. "And some of them are mobbed. The atmosphere is very exciting, with a tremendous verve. But what will happen this summer when tourism dies down, I'm not sure.

"We all know about the industry's monstrous mortality rate," Sawitz-Bass adds. "The food will have to stay good. And in these times, prices must stay reasonable." **R&I**

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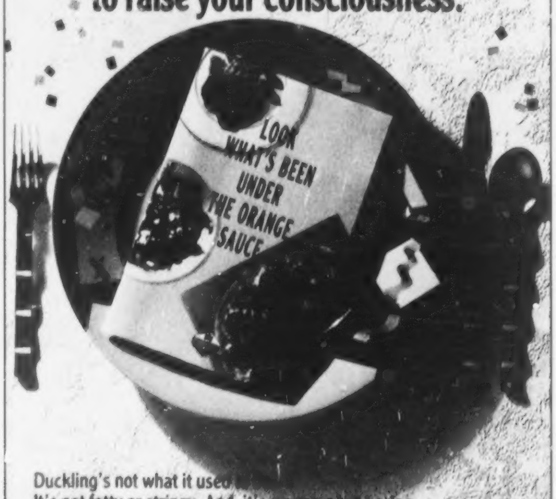

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The 1992 Ivy Winners

Seven models of
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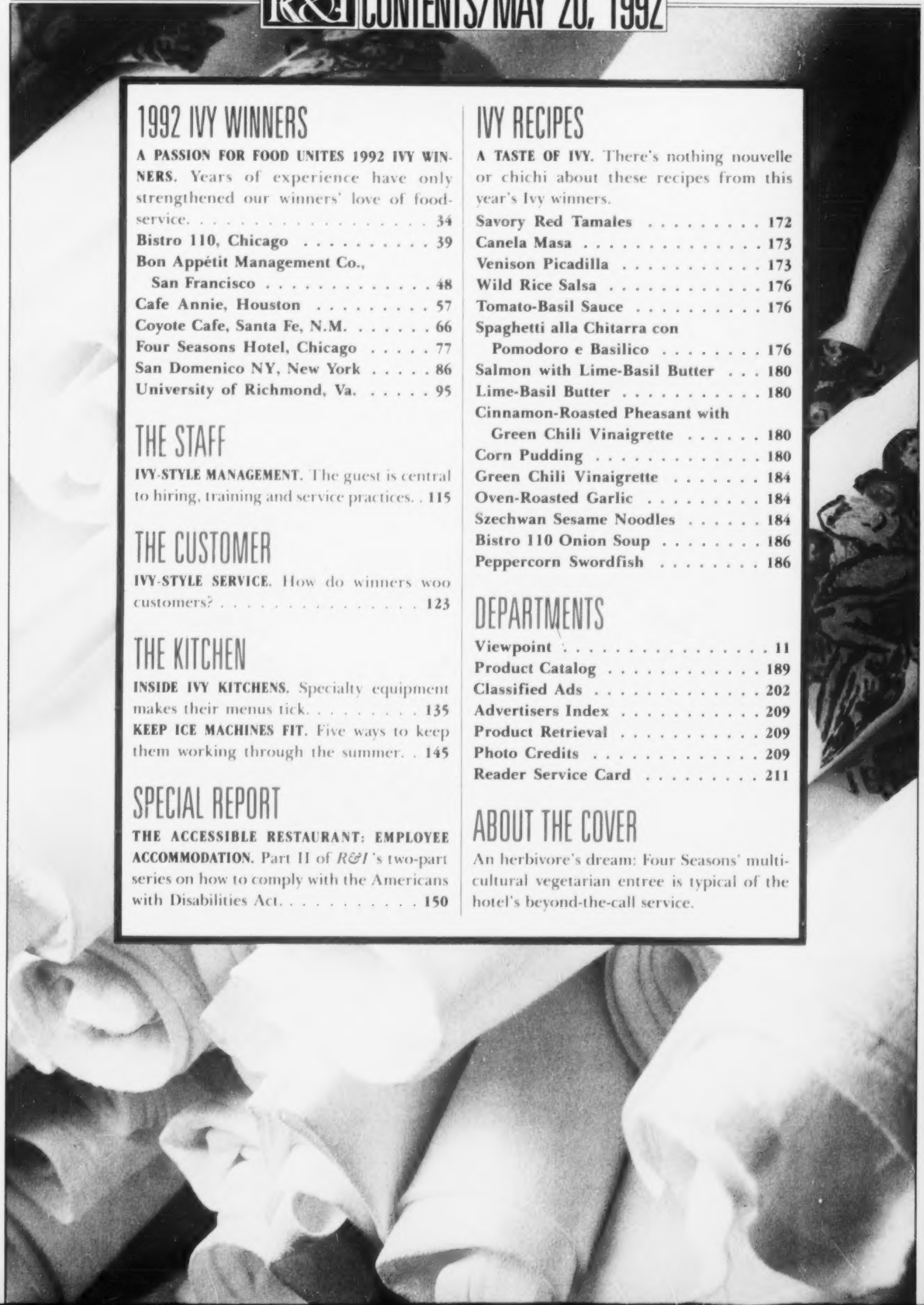

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Four years after a major financial restructuring, Shoney's mulls expanding its casual restaurants, accelerating company store development, restaging its namesake concept—and even another restructuring. **27**

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Spaghetti Warehouse, Big Boy, The Ground Round and other chains target youngsters and their parents with creative promotions. Among them: per-pound payment, upgraded kids' meal toys and special clubs. **30**

LONG HORN STEAKS

Longhorn Steaks' restaurants offer only 12 entrees at lunch—nine of which are steak. Story, page 12.

Max & Erma's To Spring New Menu for Summer

Max & Erma's, the Columbus, Ohio-based casual-dining chain, says its summer menu is set to splash down on Memorial Day.

The chain has chosen "postcards" as the motif for the new menu, says Carolyn Cullers-Delp, director of field marketing and promotions. Menu items will sport city names and be accompanied by postcards from those destinations.

A Mexican-style gazpacho kicks off the menu, while Key lime pie and cheesecake served with fresh strawberries give it a sweet finish. Notable on the entree list is a Buffalo Chicken Sandwich, which is a boneless, skinless chicken breast in a traditional Buffalo wings-style hot sauce, served on a grilled poppy-seed bun with lettuce. Blue-cheese dressing, celery sticks and fries come on the side. Other entrees are a shrimp and avocado salad, a tuna salad fruit plate, and a ham and Swiss croissant.

The summer menu also features three beverages: fresh-squeezed lemonade; the same lemonade with a top-shelf citrus vodka; and a root-beer float, made with a premium brand of regular or diet root beer and vanilla ice cream served in a frosty mug that guests can keep.

At press time, the chain had not set prices for the new menu, Cullers-Delp said. **—Rajan Chaudhry**

T.G.I. Friday's new menu additions debuted in April.

Pacific Coast Tuna
SPRING MENU PROMOTION
April 21 - May 18, 1992

Chains Introduce Cool Summer Specials

Bresler's Ice Cream & Yogurt says it has developed a special frozen-yogurt flavor for summer: cotton candy. The limited-time product will hit stores June 1. The chain also reports that its newest ice-cream flavor, cookie dough, is running third behind perennial favorites vanilla and chocolate in sales. . . . **Subway** plans a Picnic Sack promotion to run from June to August. The special will feature four 6-inch subs plus a 44-ounce plastic canteen-style soft-drink container, filled with a beverage, for a recommended price of $9.99. Local markets have the option of offering 49-cent refills or free refills. In other news from Subway: The rollout of its 4-inch round sandwiches seems imminent. The product has been especially popular with kids, teens and women. **—R.C.**

SMILE AND SAY 'CHEESECAKE'

When asked to name the dessert they would pick to top off a perfect meal, 15% of customers chose cheesecake.

Cheesecake	**15%**
Pie (misc.)	**15**
Ice cream	**14**
Chocolate cake	**8**
Apple pie	**7**
Fruit	**6**
Lemon/lemon meringue pie	**3**
Jello	**3**
Other	**20**
No dessert	**6**
No opinion	**3**

Source: The Gallup Organization, November 1991

Friday's Paints Fresh Image for New Items

Three healthful main dishes and one sinful dessert debuted at Dallas-based T.G.I. Friday's late in April.

New to the casual-theme chain's permanent menu are:

☐ Pacific Coast Tuna: A julienne of roughly nine seasonal vegetables, steamed and topped with sliced charbroiled tuna. Friday's serves the dish with a light Oriental vinaigrette for dipping.

☐ Barbecue Chicken Pattie Melt: Grilled breast of chicken served on grilled thick-crust rye bread with sautéed onion and melted Cheddar. The melt comes with house-made barbecue sauce, which requires four to six hours of preparation, and a side of fries.

☐ Blackened Tuna Caesar Salad: Slices of blackened tuna steak atop hearts of romaine lettuce. Garnished with tomatoes and black olives, it comes with garlic bread.

☐ Chocolate Malt Turtle: Chocolate malt cake served warm in a goblet and topped with hot caramel, pecans and vanilla ice cream.

Prices for the new entrees range from $5 to $6; the dessert runs about $3.50, says a Friday's spokeswoman.

Radio advertising is supporting the introduction nationwide, while TV spots have aired in about seven markets. In-store marketing, in the form of place mats and posters, stresses wholesomeness by using drawings of fresh ingredients for each dish. **—R.C.**

ICKEY'S
KITCHE

DISNEY SHUTTERS MICKEY'S KITCHEN

Call them goofy, but executives at Walt Disney Co. have closed the two Mickey's Kitchen restaurants outside Los Angeles and Chicago.

The units, the first of which opened two years ago, were operating close to break-even, says Disney spokesman Chuck Champlin. But the company wanted to refocus its resources on expanding its more successful Disney Stores retail chain, both at home and abroad.

Mickey's Kitchen's menu leaned toward healthful fast-food fare and included a meatless burger, turkey dogs and french fries shaped like Mickey Mouse. Most items were priced under $3.

Disney currently has no plans for new foodservice ventures outside of its theme parks, Champlin says. Mickey could not be reached for comment. —R.C.

Restaurants Unlimited To Open Palisade

Restaurants Unlimited, Seattle, says it will open Palisade, its biggest restaurant yet, in its hometown in June.

Overlooking the newly built Elliot Bay Marina on Puget Sound, the 12,000-square-foot upscale seafood restaurant will offer a view of 1,200 boat slips, the Olympic Mountains and Mount Ranier. Indoors, customers will cross a bridge over a 1,000-square-foot saltwater fish pond to their tables in a 240-seat dining room.

The restaurant will rely on a wood-burning rotisserie and a wood-burning stove to prepare most main dishes.

The menu will showcase salmon, prepared any of five ways: on the rotisserie, on a searing grill, on a broiler, in the wood oven, and on a cedar plank—a local Native American treatment that involves placing cured salmon and vegetables in individual portions on metal-reinforced cedar and baking it. "The wood releases some of its flavorful oils into the salmon," says Senior Executive Chef John Howie. Prices for the salmon dishes will range from $16.95 to $18.95.

The company projects an average per-person tab of $25 to $29 for Palisade.

The $4 million project also includes a smaller, dock-level restaurant called Maggie Bluffs View Cafe, which will serve tavern fare such as pizza and fish and chips.

Restaurants Unlimited operates 21 full-service restaurants and owns the Cinnabon bakery chain. **—B.M.**

Bresler's Unveils New Cafe Concept

Bresler's, the Des Plaines, Ill.-based franchisor of ice-cream shops, has launched a new cafe concept in the northwest suburbs of Chicago.

Bresler's franchisee A&D General Corp. purchased the leases of 12 TCBY stores out of bankruptcy and began converting the units to Cafe Bresler's in March, the company says. All but one of the sites are located in strip malls.

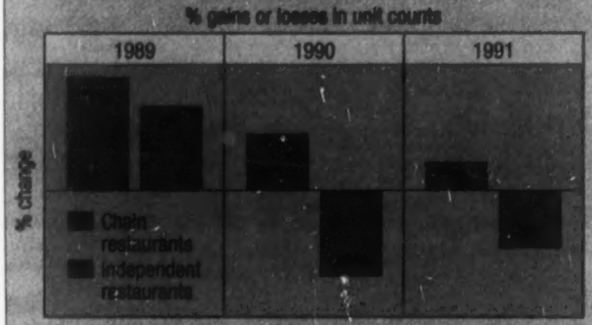
In addition to Bresler's ice cream and yogurt products, which sell best during evenings and weekends, the cafes cater to lunch crowds with five deli-style sandwiches, about eight salads, soup, chili, several varieties of quiche and focaccia, a pizza-style Italian bread. Both the quiche and the focaccia come with choice of soup or side salad.

Entrees are $4.25. For the stores currently open, the average check per person is running about $5, says President David Lasky.

Although the new cafe concept is designed for counter service, one unit, in Barrington, Ill., offers table service. **—R.C.**

CHAINS GRAB SHARE

Mom-and-pops took a beating during the recession. As a result, chain units now account for about 44% of all restaurants, up 5% since 1987.



Source: Restaurant Consulting Group, Evanston, Ill.; Restaurant Trends, Middletown, N.J.

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SERVING THE TOTAL FOODSERVICE INDUSTRY JUNE 10, 1992

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A CAHNERS PUBLICATION

Cheese: From Start To Finish

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Turkey Twists

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Signature Sandwiches

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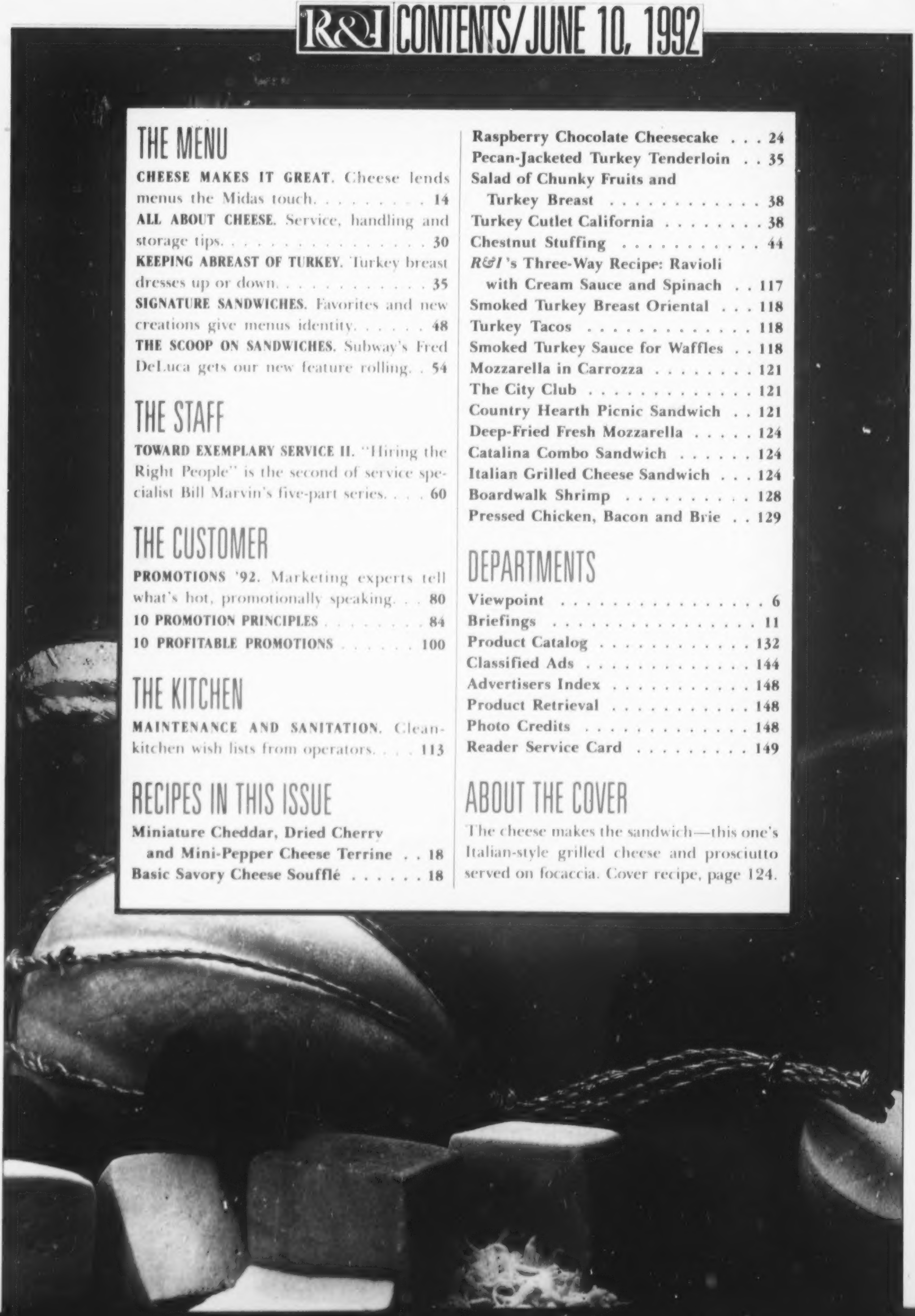

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ABOUT THE COVER

The cheese makes the sandwich—this one's Italian-style grilled cheese and prosciutto served on focaccia. Cover recipe, page 124.

CALENDAR

JUNE

June 22-24: American Society of Hospital Food Service Administrators (ASHFSA), Westin Harbor Castle Inn, Toronto, Ontario. (312) 280-6417.

JULY

July 6-10: National Association of College and University Food Services (NACUFS), Clarion Hotel, Cincinnati. (517) 332-2494.

July 8-12: National Association of Catering Executives (NACE) Annual Conference, U.S. Grant Hotel, San Diego. (502) 583-3783.

July 19-22: Association of School Food Service Administrators (ASFSA), Minneapolis Convention Center, Minneapolis. (703) 739-3900.

July 24-27: National Nutritional Foods Association Annual Convention, Opryland Hotel, Nashville, Tenn. (714) 966-6632.

July 26-29: International Fancy Food & Confection Show, Washington Convention Center, Washington, D.C. (800) 255-2502.

July 29-Aug. 1: Council on Hotel Restaurant and Institutional Educators (CHRIE) Annual Conference, Stouffer Orlando Resort and Convention Center and Walt Disney World, Orlando, Fla. (202) 331-5990.

AUGUST

Aug. 2-6: Dietary Managers Association (DMA) Annual Meeting & Expo, New Orleans Hilton Riverside and Towers, New Orleans. (708) 932-1444.

Aug. 14-17: International Food Service Executives' Association (IFSEA) Annual International Conference, Clarion Plaza, Orlando, Fla. (305) 977-6767.

Aug. 15-18: Western Restaurant Show, Moscone Convention Center, San Francisco. (213) 384-1200.

Aug. 16-19: Council of Hotel and Restaurant Trainers (CHART) Conference, Boca Raton Hotel and Club, Boca Raton, Fla. (714) 786-6706.

SEPTEMBER

Sept. 13-16: Society of Foodservice Management (SFM) National Conference, Westin Copley Place at Copley Plaza, Boston. (502) 583-3783.

Sept. 14-15: Fine Foods Exposition and Conference, Royal Plaza Trade Center, Marlborough, Mass. (617) 871-2700.

Sept. 15-16: Foodservice Expo '92, sponsored by the Kentucky Restaurant Association, Kentucky Fair and Exposition Center, Louisville. (502) 896-0464.

Sept. 16-19: National-American Wholesale Grocers' Association/International Foodservice Distributors Association (NAWGA/IFDA) Midyear Executive Conference, Hyatt Regency Hotel, Hilton Head, S.C. (703) 532-9400.

Sept. 24-26: Inflight Food Service Association (IFSA) Membership Meeting, Pan Pacific Hotel, Vancouver, B.C. (502) 583-3783.

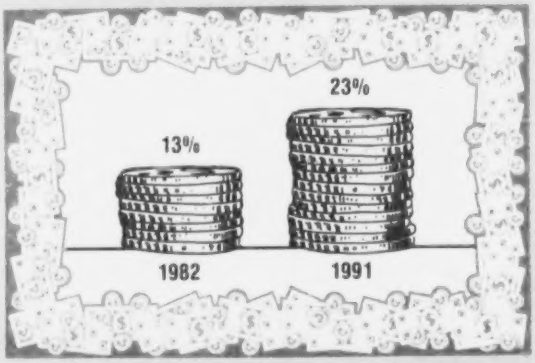
QUOTABLES

"The common wisdom is that we managers have to learn how to better motivate our people. I think that's a bunch of nonsense. Our people bring their own motivation. What people need is to be liberated from us. They need to be involved and they need to be trusted. You can order the average person who reports to you to come to work six days a week, but . . . you cannot order anyone to perform in an excellent fashion. Excellence by its very definition, and at all levels, is a purely voluntary commitment."

—Leonard Roberts, Chairman and CEO, Shoney's Inc., Nashville, Tenn.

DISCOUNT DINING

From 1982 to 1991, the deal rate rose 77%. (% of restaurant visits in which customers used a coupon or took advantage of an in-store promotion.)



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The Menu: "Cheese," p. 14, National Dairy Board; p. 18, 30, Vuksanovich Inc., p. 24, Troy Forrest. "Keeping Abreast of Turkey," p. 35, National Turkey Federation; p. 38, Canned Fruit Promotion Services; p. 44, Vuksanovich Inc. "The Scoop on Sandwiches," p. 54, Judith Pszenica.
The Staff: "How to Hire the Right People," p. 60, 68, Eric Futran.
Recipes: "Cheese, Sandwiches & Turkey," p. 116, 117, Eric Futran; p. 118, 121, Troy Forrest; p. 124, American Egg Board; p. 128, Ocean Garden Products.

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JUNE 24, 1992

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Sweet and savory accompaniments grace our tower of waffles. Breakfast breads story, page 68.

✲ A light recipe: Offers reduced calories, fat, cholesterol and/or sodium compared with standard preparation.

Success in Targeting Seniors

Every Wednesday morning, a group of senior citizens from the First Presbyterian Church in Montrose, Colo., gathers at McDonald's for breakfast, fellowship and, well, a bit of harmless gossip. The wait staff, familiar with the folks who come in, make the atmosphere warm and friendly.

It might not sound like a well-planned marketing strategy, but welcoming local church groups, bingo clubs and civic organizations to their restaurants is one successful way that chains are reaching senior citizens.

A&W gives grandparents coupons for 99-cent "Play Town Meals" when they bring their grandchildren in to eat.

"A lot of senior citizens come into the restaurants for our weekly bingo night," says Judy Kelly, advertising and communications administrator for A&W, Livonia, Mich. "And holding meetings at the restaurants is something we do with local churches."

FUN AND GAMES

Some Burger King restaurants sponsor bingo nights, and Shoney's offers discounts to civic clubs that hold lunchtime meetings in its restaurants.

On a national level, most chains participate in a 10% senior citizen discount. King's Table Buffets also asks seniors to fill out raffle tickets when they apply for "gold" discount cards.

"Every week, we throw their card into the bowl. If they come in and their name is on the board, they get a free meal," says Dave Heiss, director of marketing for the Bellevue, Wash.-based chain. Customers have to come to the restaurant, however, to find out whether their card was chosen.

Numbers speak well of the chain's efforts to target the senior group; an estimated 60% of its daytime customers falls into the senior-citizen category.

Discounts for grandparents are another effective way of marketing to seniors. For instance, A&W gives grandparents coupons for 99-cent "Play Town Meals" when they bring their grandchildren in to eat.

SPECIAL MENUS

Chains also are developing special menus that cater to the appetites and diets of seniors.

"In the Florida and California markets, there's a real influx of senior citizens," says Mark Brenden, franchise marketing manager for Grandy's. "We had taken the roast chicken off the menu, but the senior citizens prefer this product to the grilled, which is a little spicier."

The result? "By putting it back on the menu, we had a very good first quarter," says Brenden.

Specific menu items draw in the senior crowd at Wendy's, too. "Our menu lineup is very appealing to senior citizens. There's chili, which is low-fat and high-fiber, and the baked potatoes and salads are popular," says Denny Lynch, vice president of communications for Wendy's International, Dublin, Ohio.

Because Wendy's doesn't make a sandwich until it's ordered, the chain has no problem filling special requests for seniors who have dietary restrictions, adds Lynch.

Other chains, for example, Country Kitchen and Perkins Family Restaurants, have developed separate menus for seniors.

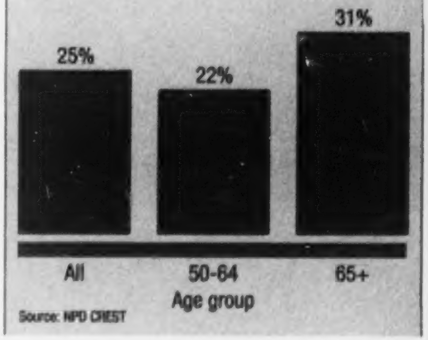
"When we did our testing, we found that seniors didn't like such large portions," says Donna Guido, spokeswoman for Perkins Family Restaurants. The special menu items are usually the same as items on the regular menu, she says, but portions and prices are reduced.

—K.C.

SENIORS SEEK OUT SPECIALS

Customers 50 to 64 years old typically are at the peak of their earning potential; they are less likely than the average guest to leap at the price promotions. After customers reach 65, however, and their incomes become fixed, use of meal deals jumps.

% of restaurant visits in which deal is employed



Source: NPD CREST

Chains Switch from Network TV

Restaurants have dramatically changed the way they spend money for television advertising in the last five years, according to data gathered by New York-based Arbitron Co.'s MediaWatch.

Currently, advertisers who wish to reach television audiences have four primary avenues available to them: network (ABC, CBS and NBC), syndicated (Fox and other smaller non-networks, as well as individual shows like "Wheel of Fortune"), spot (local/regional shows) and cable.

Comparing 1990 with 1991 shows network TV as the loser, with a 13% decrease in ad spending by restaurants. Cable showed the largest growth in ad spending with a 39% gain.

Cable, in fact, is the fastest-growing outlet for restaurant spending. Between 1987 and 1991, restaurants increased cable spending by 824%. In the same time period, network and spot TV ad spending each increased only 9%. Syndicated ad spending has only been tracked since 1988, yet by 1991 had increased 305%.

In terms of how much money is actually changing hands, however, cable is not knocking anyone off the block yet. Cable spending for 1991 capped off at $45.3 million. That's small potatoes compared to spot TV's $876.3 million in restaurant ad spending.

Following the trends, Nashville, Tenn.-based Shoney's spends most of its television ad time on spot. Ty Hasty, senior vice president of marketing for Shoney's, says spot is more economical than network for the chain because it is not national in distribution.

National exposure is one of the reasons network TV ad time is so expensive. National cable, on the other hand, offers a national viewership at lower rates. Beginning this year, Shoney's experimented with buying time on national cable and now is evaluating increasing that spending.

Carvel Ice Cream Bakery spends 95% of its TV money on spot and the remaining 5% on cable. Most of the Farmington, Conn.-based chain's units are located in the Northeast, making a national TV effort impractical. Local cable, however, has Carvel's attention.

"We may be expanding in selected markets where we have limited store distribution," says Syl Sosnowski, vice president of marketing. "But we're playing it rather cautiously."

The reason, Sosnowski says, is that some smaller cable stations Carvel has encountered do not have the data to back up the demographics of their audiences. Carvel relies on its franchisees for input on local cable shows.

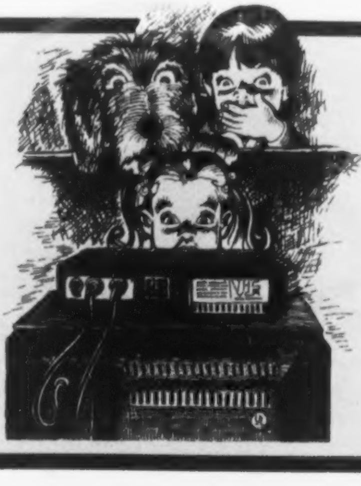
Pizza Hut, Wichita, Kan., has taken advantage of the increasing popularity of cable shows. In May 1990, the Nickelodeon network began sponsoring the chain's ongoing Tuesday Night Kids Eat Free promotion. Mark Mears, director of national event marketing for Pizza Hut, says the chain spends about 15% of its TV budget on cable.

As more chains like Pizza Hut open their eyes to alternative TV ad spending, they might be inclined to open their wallets, too. As Hasty of Shoney's says about cable, "You have to look at what you can do to stretch your dollar." **—B.M.**

RESTAURANT INDUSTRY TV AD SPENDING

	Spending in $ millions					% change	
Type of buy	**1987**	**1988**	**1989**	**1990**	**1991**	**1990-91**	**1987-91**
Network	498.0	514.8	604.4	624.3	541.4	-13%	9%
Syndicated	NA	25.0	43.1	88.6	101.4	14	305*
Spot	800.4	804.0	838.2	828.1	876.3	6	9
Cable	4.9	7.7	22.3	32.4	45.3	39	824

Source: Arbitron's MediaWatch Service, New York; *from 1988



For full-service restaurants, attracting busy weekday customers is especially challenging.

BEST BETS FOR BREAKFAST

Operators look for secrets to catching customers early and often.

By Rajan Chaudhry

Consumers might be hungry for breakfast, but they're starved for time. In fact, breakfast is the most frequently skipped meal in America, according to the National Restaurant Association.

Today's hectic lifestyles have swelled demand for convenient breakfast products: Consumption of breakfast sandwiches at eating places has increased 50% since 1983, and orders of biscuits, bread and muffins have advanced more than 20%, according to the NPD Group, Park Ridge, Ill. Meanwhile, orders of traditional breakfast items—ready-to-eat cereal, eggs, pancakes, waffles and French toast—have declined.

GRAB AND GO

The emergence of convenience as the ruling trend in weekday breakfast has created opportunities for some operators and difficulties for others.

Full-service restaurants are among those that have felt the squeeze. Both Bob Evans Farms, Columbus, Ohio, and the Village Inn, Denver, two of strongest breakfast players among family-dining chains, say morning traffic is flat. "It's pretty well documented that people are working more hours," says Roger Williams, group vice president for Bob Evans. "And the competition for something quick on a weekday has grown inordinately. If you compare it to 10 years ago, there are tens of thousands of places where you can now get a decent cup of coffee and something hot, all the way from gas stations to c-stores."

Even many of those positioned to compete for the quick-service breakfast business are finding the going tough. Take, for example, the Los Angeles market, where—even before the riots in the final days of April—quick-service breakfast traffic was soft despite Taco Bell's push into the daypart.

"In L.A., the percentage of [quick-service] visits for breakfast has remained really flat," says Robert Sandelman, president of Sandelman & Associates, a Brea, Calif.-based marketing research firm that tracks fast-food chains on the West Coast. "It's always

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Selling newspapers in the cafeteria gives customers one more reason to stop in.

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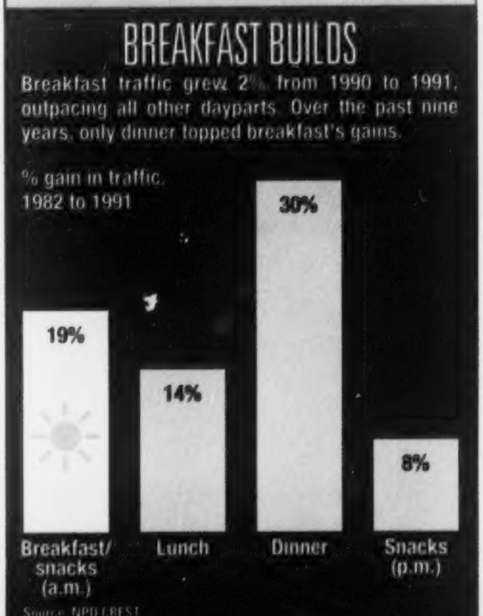
been in the under-10% range, and even with a new major player [Taco Bell] introducing breakfast, it hasn't increased breakfast's share of purchases. . . . It's not encouraging more people to use fast-food chains for breakfast, or the ones who are using them to go more often."

Over the past eight years, breakfast traffic has advanced 19%, keeping pace with industry growth, according to NPD's CREST research. Last year, led by quick-service restaurants, breakfast traffic gained 2%, outpacing the industry's 1% increase. Nevertheless, breakfast's share of total foodservice occasions has held steady at about 12% since 1983.



BREAKFAST BUILDS

Breakfast traffic grew 2% from 1990 to 1991, outpacing all other dayparts. Over the past nine years, only dinner topped breakfast's gains.

Source: NPD CREST

MARKETING VARIETY

While the challenges of building breakfast extend across foodservice segments, so fortunately, do many of the solutions.

At The Wood Co.'s Meridian Bank account in Reading, Pa., Foodservice Director John Roliz has geared his operation to capturing the convenience customer. "The comment that I get from my customers is that most of them don't want to spend 15 minutes to consume a breakfast in the cafeteria," says Roliz. In response, he's positioned grab-and-go foods as the stars of the breakfast lineup.

Roliz also differentiates his operation from quick-service places by offering greater variety. "We do muffins galore," he says. Hot sellers include apple raisin, banana nut, and chocolate muffins with chocolate chips. "We also do very well with croissant sandwiches and muffin sandwiches, along the same lines of what McDonald's and Burger King are trying to do," he adds.

Bagels, which Roliz buys partially baked, are another strong seller ("We finish them off so that what the customer is getting is a fresh hot bagel"). To top off the bagels, he offers flavored cream cheese and butter.

In addition, Roliz offers a fresh fruit bar—featuring toppings and accompaniments including granola, yogurt, cream cheese and cottage cheese—that converts to a dessert bar later in the day.

To draw customers and boost convenience, Roliz sells newspapers in the cafeteria and merchandises single-serving juices at the fruit bar "so that people don't have to walk across the room to the display case."

Despite operating within an office building, Roliz says he's in a tug of war for morning traffic. "Breakfast is something that we've really had to work at, because in this building there are 10 different coffee stations that sell coffee for 25 cents a cup." Roliz says his efforts are paying off. "I've seen my breakfast business increasing stead-

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Breakfast sandwich orders have grown 50% since 1983.

Bob Evans boasts two new skillet breakfasts and a fruit dish.

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ily, even though population of the building has remained stable." Roliz serves about a third of his 700 guests per day at breakfast and generates 10% to 15% of sales in the morning.

Variety also is a keystone of The Wood Co.'s Lafayette College account in Easton, Pa. There, students choose their own ingredients for made-to-order omelets. And they make and top their own waffles.

BEST BREAKFAST CUSTOMERS

% of restaurant visits for breakfast and a.m. snacks.

Under 18	6%
25-34	8%
ALL CUSTOMERS	9%
35-49	10%
50-64	13%
65+	14%

Source: NPD CREST

According to Jerry Witt, Lafayette's director of dining services, convenience items such as giant-size muffins and breakfast sandwiches are top a la carte sellers. Bagels and oatmeal—offered with an array of toppings—are popular, as well.

ETHNIC SELLS

In addition to convenience, breakfast marketers report growing success selling health-oriented items and ethnic foods.

Many operations are adding breakfast burritos similar to those popularized by fast-food chains like McDonald's, Burger King and Carl's Jr. Lafayette College reports strong sales of its Mexican burrito, which features a flour tortilla filled with scrambled eggs, breakfast sausage, Cheddar cheese, onion and salsa.

To cash in on the growing popularity of Mexican-influenced dishes, Bob Evans launched a Fiesta Skillet on June 1 along with two other new breakfast items. The dish, which sells for about $4.75, combines an omelet with sausage, diced potatoes, green and red peppers, onion, picante sauce and shredded cheese.

The chain's other new items for summer are a Country Skillet—an omelet with home fries, sausage, country gravy, shredded cheese and biscuits—priced at $4.75; and a new fresh fruit dish, which consists of a half cantaloupe with pineapple, grapes and strawberries, that comes with two muffins. "I think successful people are going to be the ones that blend nutrition with taste. That's the kind of items that we're working on," says Williams. "We're not in a fad with the health concerns. Clearly, we are in a trend."

PRICE OF ADMISSION

Price strategies vary widely across the industry. But concerns of value have prompted more operations to offer discounts at breakfast.

When McDonald's permanently reduced

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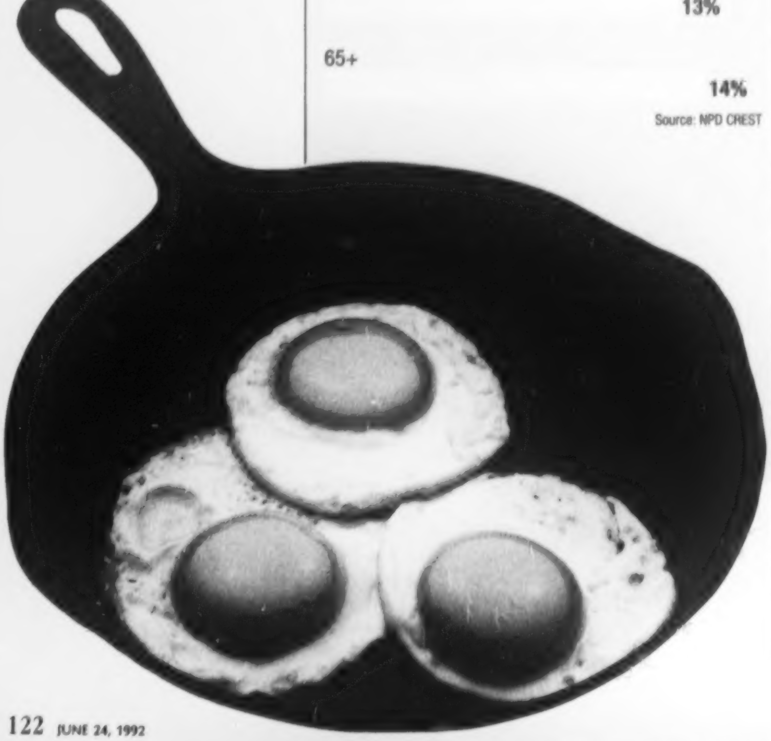

Aging population might boost breakfast sales.

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the prices of its basic hamburgers to 59 cents and its cheeseburgers to 69 cents, it didn't forget breakfast: The chain also knocked the price of a plain sausage biscuit to 79 cents.

And Shoney's recently gave a shot to its breakfast sales by promoting its all-you-can-eat breakfast bar at $2.99, a dollar off its regular weekday price.

But not all operators agree that price cutting is the answer.

Tom McNulty, Village Inn's senior vice president of marketing, says his chain has moved away from discounts in recent years. "We're very countertrend. We may not have as many people coming in the door every week as some of our competition, but we're operating at full margins," he says.

"We're not big fans of discounting," McNulty continues. "Given our druthers, if you're going to add the margins together at the end of the year, we'd rather have fewer people . . . and not put so much wear and tear on our facilities and on our people. Why have 3,000 more people a week if you're not going to make any more money?"

McNulty also says that coupon-driven customers are transient customers. "It's our belief that the people who are coming for the coupons, when the coupons dry up, they're gone too. They're looking for the next deal somewhere else."

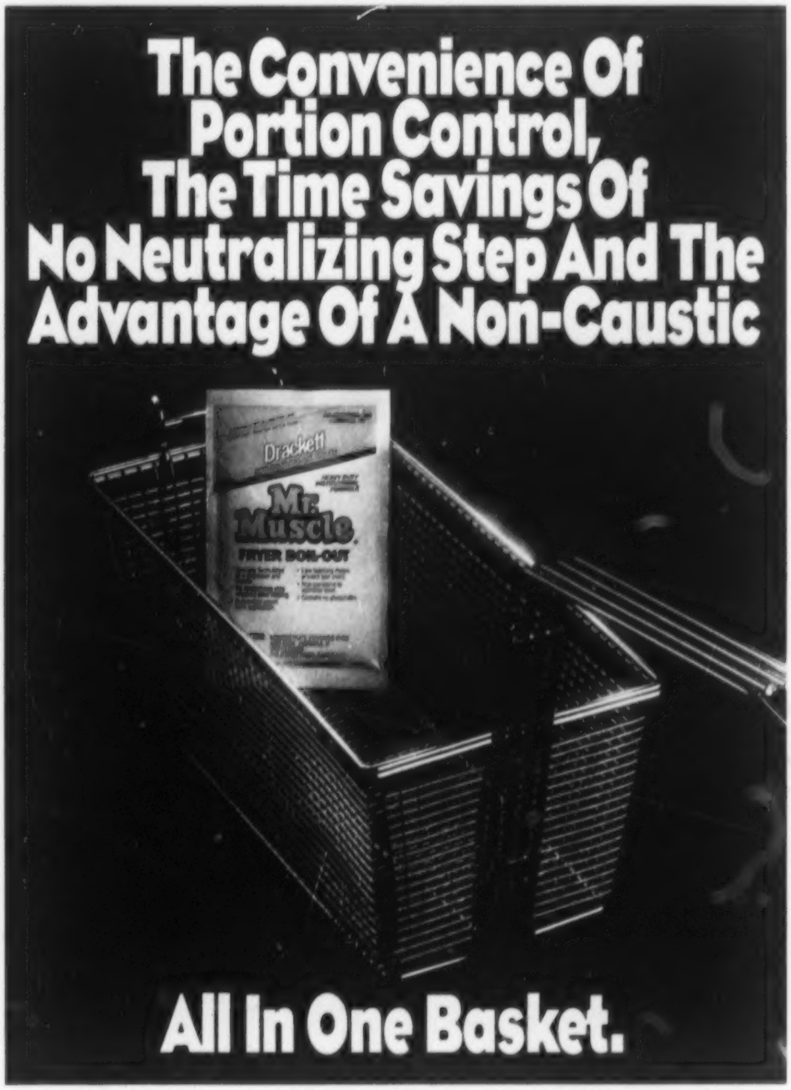
THE DEMOGRAPHICS OF BREAKFAST

Operators say older customers are more likely than younger guests to sit down for a breakfast away from home—an observation that is supported by CREST numbers. "I find especially younger people running to work. They just run in the cafeteria, grab a self-service sandwich and consume it at their desks," says Roliz.

The aging of the U.S. population appears to bode well for breakfast business, given the tendency of older customers to devote more of their restaurant visits to the morning meal.

Williams warns against projecting today's behavior to tomorrow's customers, but he agrees that the graying of America will affect the breakfast business.

"As people get older, the fact that they eat two meals a day instead of three seems to be a fact that is projectable. They eat at about 10; they eat at about 4:30," he says. R&I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SERVING THE TOTAL FOODSERVICE INDUSTRY

JULY 8, 1992

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ABOUT THE COVER

Our 400 companies grossed a rock-solid $139.7 billion in 1991. Details, page 14.

THE BIGGEST BRANDS IN FOODSERVICE

The industry's major players lay the groundwork for greater growth.

400

Restaurants and Institutions' 400, the broadest ranking of foodservice brands in existence today, generated record sales of almost $140 billion in 1991.

Issues of value and efficiency topped the agenda of the organizations in this year's 400 survey. In many cases, tough times have forced operators closer to their customers, spawning innovations and cost savings that appear to be helping the industry lead the way out of the recession.

From 1990 to 1991, the sales of the top 400 advanced 4.4%, slightly outpacing the industry's 4.2% gain.

On a same-brand sales basis, organizations in the third quarter of the survey fared best. Led by top growth chains like **Checkers Drive-In** (107%), **California Pizza Kitchen** (52.5%), **I Can't Believe It's Yogurt** (38.5%) and **The Spaghetti Warehouse** (35%), as well as rapidly expanding institutional feeders including the **Texas Department of Criminal Justice** (65.6%), concepts with sales in the $50 million to $90 million range grew 9.3% in 1991.

The top 100 brands also showed solid growth. Comparing systems that appeared in both this year's and last year's survey, sales for the first hundred brands increased more than 5.9% for 1991. Among the top 20, **Taco Bell** vaulted from No. 10 to No. 8 on a 16.7% sales increase; **Little Caesars** rode a 23.2% gain four spots to No. 14; and **Subway**

continued on page 20

Dining rooms such as the Maile Restaurant at the Kahala Hilton will benefit from a rebound in travel this summer.

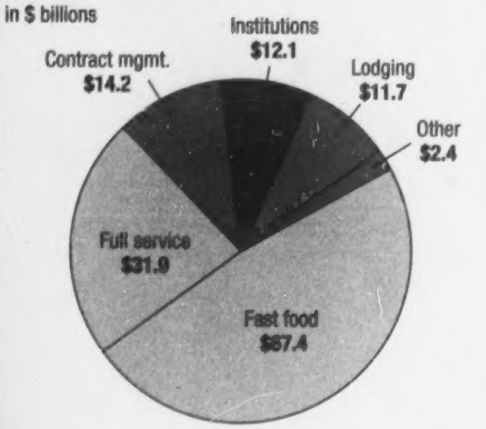
Bob Evans' new Cantina Del Río, opened in April in Columbus, Ohio, is one of many spinoffs from this year's 400.

400 company Walt Disney opened Euro Disney near Paris in April. The park drew more than 1.5 million in its first seven weeks.

Healthful foods, like Wendy's new salads, are headlining nationwide.

R&I 400 SALES BY SEGMENT

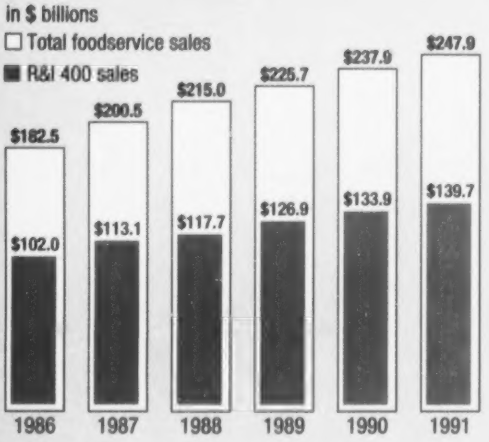
Fast food accounted for about 48% of total 400 sales in 1991. Full service was 23%.



Source: 1992 R&I 400

R&I 400 AND THE INDUSTRY

The U.S. foodservice industry totaled $247.9 billion in 1991. The 400 was 56% as large.



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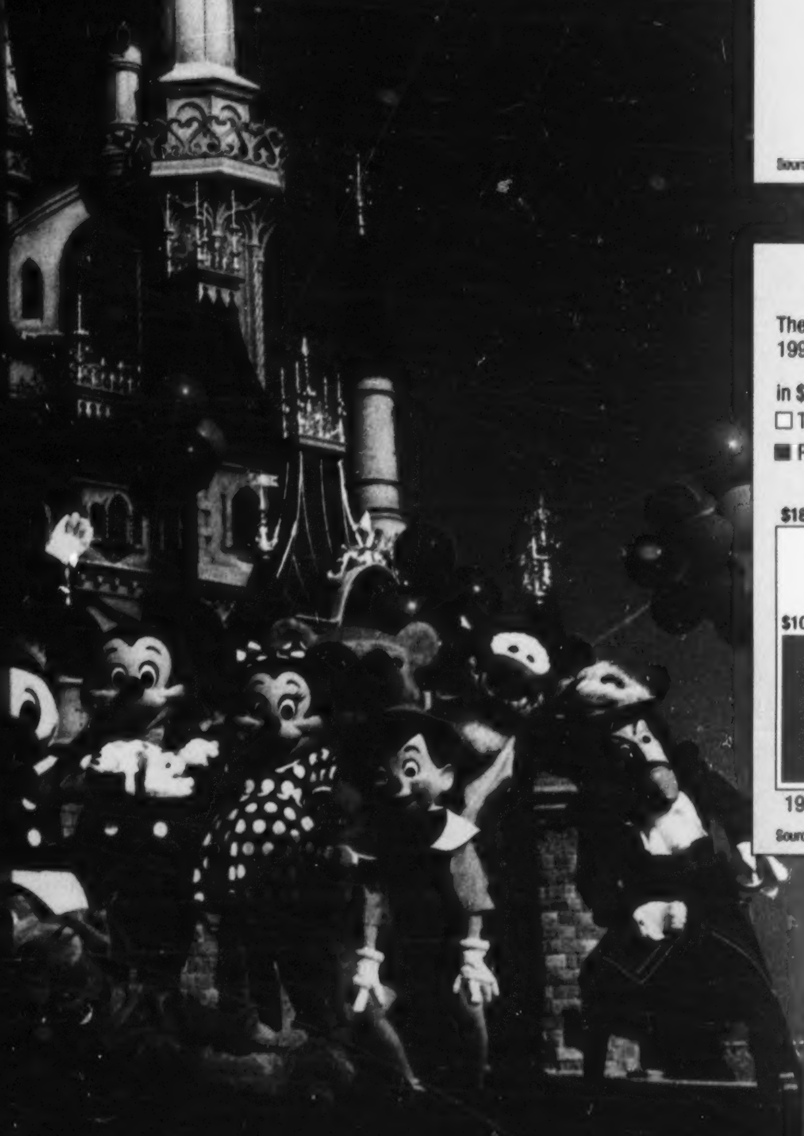

Chains are banking on top culinary talent to give them an edge in quality.

McDonald's now double-checks drive-thru orders.

DOUBLE-CHECKED
FOR ACCURACY

TOP 20 GROWTH LEADERS

SALES			UNITS		
1.	Checkers Drive-In	107.0%	1.	Daughters of Charity Health Systems	70.0%
2.	Texas Dept. of Criminal Justice	65.6	2.	I Can't Believe It's Yogurt	69.8
3.	Calif. Pizza Kitchen	52.5	3.	Checkers Drive-In	67.1
4.	Houston Independent School District	45.0	4.	Resorts Intl.	65.2
5.	Old Country Buffet	42.6	5.	Omni Hotels	40.4
6.	Stuart Anderson's	39.2	6.	C.A. Muer	40.0
7.	I Can't Believe It's Yogurt	38.5	7.	Cracker Barrel	35.2
8.	Trans/Pacific Rests.	37.8	8.	Nordstrom	34.8
9.	Chili's Grill & Bar	37.3	9.	Trans/Pacific Rests.	34.3
10.	Daughters of Charity Health Systems	36.2	10.	Hooters	33.3
11.	The Spaghetti Warehouse	35.0	11.	Royal Carribbean Cruise Line	33.3
12.	Nordstrom	34.8	12.	The Spaghetti Warehouse	29.4
13.	Häagen-Dazs	34.1	13.	N.J. Dept. of Human Services	28.6
14.	Cracker Barrel	31.9	14.	Ark Restaurants	26.3
15.	Cinnabon	30.4	15.	Dunkin' Donuts	26.1
16.	Hillsborough County (Fla.) School Board	28.0	16.	Rally's Hamburgers	26.1
17.	Guckenheimer	27.7	17.	Wyndham Hotels & Resorts	25.7
18.	Nathan's Famous	27.3	18.	The Cooker	25.0
19.	Subway	27.3	19.	Au Bon Pain	24.4
20.	Golden Corral	26.9	20.	Nathan's Famous	23.4

continued from page 14

used a 27.3% surge to climb to No. 20 from No. 23. Perennial powerhouse **McDonald's**, with systemwide sales of almost $20 billion, tightened its grip on the No. 1 spot in the survey with a 6.2% rise.

On the whole, the second hundred and the last hundred brands in the survey seem to have struggled most during the recession. Despite strong performances from chains like **Old Country Buffet** (42.6%), and **Rally's** (25%), as well as health-care standout **Daughters of Charity Health Systems** (36.2%), the second hundred managed only a 3% increase.

Meanwhile, the last 100 brands—those with sales of less than $50 million—slipped about 1% from 1990 to 1991. Because percentage changes are calculated only for brands that have been on the survey for at least one year, however, the growth figure for the lower 100 does not reflect the addition of small aggressive newcomers like **Pudgie's Famous Chicken, Morton's of Chicago, Longhorn Steaks, Bain's Deli** and **Mark Pi's**.

An overriding theme expressed by operators in this year's 400 was the desire to move away from the deep discounts of the past several years. As a result, they have worked to emphasize improved quality and service as points of differentiation.

Following are some of the top trends and issues emerging from this year's 400.

WANTED: HIRED GUNS

Fine dining's loss has appeared to be the rest of the industry's gain, as chain after chain has tapped top chefs to bring a gourmet touch to their menus. **Schlotzsky's** new head of concept development, Chef Michael Dyer, has redesigned the sandwich chain's menu and repositioned the restaurants as New Orleans-style delis. **Shoney's Inc.** in March brought in Executive Chef Tom White to head corporate concept development and last November hired Culinary Institute of America-trained Luke Belsito as executive chef of the **Shoney's** family-dining chain. **Bertucci's Brick Oven Pizza** in April tapped Italian chef Rosario Del Nero as corporate chef to develop new pizza and pasta dishes. **Furr's** cafeterias recently put Certified Master Chef Michael Robbins on its payroll. And **Old Spaghetti Factory** late last year hired Roland Henin, coach of Culinary Team USA, as executive chef.

continued on page 24

continued from page 20

New restaurant concepts spotlight regional and ethnic cooking.

NEW CONCEPTS

To showcase Henin's talents, OSF turned him loose to develop a new concept, **Cody's**, which the chain hopes to develop into a new growth vehicle. A Mediterranean restaurant featuring a display rotisserie, Cody's is only one of a host of new concepts from this year's 400. **Pizza Hut**, for example, opened its first **Fastino's**, which serves fast-food Italian fare, in Wichita, Kan. **General Mills Restaurants**, operator of **The Olive Garden** and **Red Lobster**, opened its second **China Coast** in the Orlando, Fla., area. The company hopes the full-service Chinese concept will grow to be its next monster chain. **Baskin-Robbins** is testing **Bon Doux**, a French-bakery concept, in West Hollywood, Calif. **Bresler's Ice Cream & Yogurt** is franchising its new **Bresler's Cafe** salad and sandwich concept in the Chicago area. **Bob Evans** unveiled its first **Cantina Del Rio** casual Mexican restaurant in April.

Meanwhile, a joint venture between **Chili's** parent company **Brinker International** and **Philip Romano**, creator of **Fuddruckers** and **Romano's Macaroni Grill**, has produced **Nachomama**, a casual upscale Mexican restaurant. **Chart House** recently unveiled two new concepts, **Beaches** and **Mango's**, in southern California. **Beaches** is a salad, taco and burger concept, while **Mango's** specializes in steak and features a South Pacific theme. **Subway**'s new test concept **Q Burger** is a gourmet burger restaurant using freshness as a niche. **Restaurants Unlimited** raised the curtain on **Pantana**, a pizza, pasta and salad concept with a wood-burning display oven, in November.

FRICTION! FRICTION!

While many operators are looking for growth concepts, even more are searching for new ways to distribute the products they've got.

Use of kiosks or carts to develop nontraditional sites has exploded in recent years, and with it, franchisees' concerns about competing with their own franchisors for sales.

Leading the charge into carts are the PepsiCo chains **Taco Bell** and **Pizza Hut**. In February, PepsiCo bought a stake in Carts of Colorado, a Denver-based cart manufacturer.

About 300 Taco Bell franchisees organized earlier this year to protect themselves from cannibalization

continued on page 28

Dairy Queen recently opened a unit in China.

TOP 10 FULL SERVICE*

CHECK AVERAGES All-day, per-person average	
1. Morton's	$51.00
2. Ruth's Chris	36.00
3. Benihana	23.26
4. Schwartz Bros.	18.00
5. TS Restaurants	17.00
6. Stuart Anderson	16.00
7. Lettuce Entertain You	15.65
8. Bombay Bicycle Club	13.37
9. L&N Seafood	13.05
10. Claim Jumper	12.00

UNIT SALES Average unit volumes, same store	
1. Claim Jumper	$4.8MM
2. Houston's	4.7
3. Restaurants Unltd.	3.5
4. T.G.I. Friday's	3.4
5. The Cooker	3.2
6. RA Theme Rests.	3.1
7. Trader Vic's	3.1
8. Calif. Pizza Kitchen	3.0
9. Morton's	3.0
10. Red Lobster	3.0

TOP 10 QUICK SERVICE*

CHECK AVERAGES	
1. Pudgie's	$11.58
2. Brown's Chicken	8.00
3. El Pollo Loco	6.87
4. Chuck E. Cheese	6.25
5. Lamp Post Pizza	6.00
6. Skipper's	5.75
7. Miami Subs	5.50
8. Mr. Hero	5.00
9. Bain's Deli	4.75
10. Manchu Wok	4.50

UNIT SALES	
1. McDonald's	$1.7MM
2. Chuck E. Cheese	1.2
3. White Castle	1.2
4. Carl's Jr.	1.0
5. Jack In The Box	1.0
6. Hardee's	940K
7. Bojangles'	922
8. Krystal	918
9. Miami Subs	900
10. Checkers	896

*Includes supplied numbers only

CALIFORNIA PIZZA KITCHEN

PepsiCo now owns 50% of California Pizza Kitchen.

Smaller, cheaper buildings are allowing chains to enter new markets.

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by the carts. Similarly, a small but vocal group of **Little Caesars** franchisees have made headlines recently by opposing the deal their franchisor has made to add some-400 Little Caesars Pizza Station units to **K mart** stores.

The battles have begun moving into statehouses and courts. Legislation protecting franchisees' trading areas and other rights is pending in several states. **McDonald's** is currently in court in Iowa testing just such a law.

The solution more franchised chains are discovering: Make development of nontraditional sites an opportunity for franchisees.

HOT FROM THE OVEN

According to this year's 400, companies industrywide are racing to add instore bakeries.

Many, like **Ryan's Family Steak Houses** and **Shoney's**, are reporting tremendous results. Shoney's says its new pie shops have the potential to return $2.30 for every $1 invested. And Ryan's bake shops, which cost about $47,000 to install, typically pay for themselves in less than a year.

But given the ease with which other operators can add bakeries of their own, some have begun to question the longevity of the trend. Those jumping on the bakery bandwagon include: **The Wood Co., Golden Corral, Quincy's, Perkins** and **Spaghetti Warehouse**. Even **Lettuce Entertain You Enterprises**, the Chicago-based independent restaurant group, has gotten into the act with its new **Maggiano's/Corner Bakery.**

SHRINKING BUILDINGS

If bakeries are aimed at adding to top lines, then cost cuts are designed to bring more of those dollars to the bottom line.

McDonald's, for example, has created a new 2,000-square-foot prototype that is half the size of and 30% cheaper to build than its old models. The chain says the new buildings will allow it to enter 1,700 new domestic markets that previously had been considered unviable. Others aiming cheaper downsized units at small markets include **Red Lobster, The Spaghetti Warehouse, T.G.I. Friday's** and **Morrison's**.

Meanwhile, new fast-growing chains—like **Outback Steakhouses** and **Miami Subs**—keep investments down by expanding largely through conversions.

—Rajan Chaudhry

RULES OF THE RANKING

Restaurants & Institutions' 400 measures systemwide sales of prepared foods and beverages for brands in 21 segments of the hospitality industry. The survey defines brands as foodservice concepts operating under the same name. (Exceptions are made in the case of independent restaurant groups, which operate multiple concepts.) In most cases, data is supplied by the organizations themselves. Where companies do not provide sales, or if numbers supplied are deemed inaccurate, *R&I* develops estimates, often with the aid of outside analysts and consultants.

MATTERS OF ACCOUNTING

☐ Sales and unit figures comprise all food and beverage outlets for each brand or system—company owned and franchised, domestic and international.

☐ Foreign-owned organizations are included in the rankings only if their U.S. operations have sales sufficient to make the 400 cutoff: this year, $32 million.

☐ *R&I* applies a multiplier of 2.8 to the food and beverage purchases reported by institutional operations to determine a commercial sales equivalent. The multiplier is unchanged from last year.

TIE BREAKERS

In the event of a tie, companies that provide actual numbers precede those that supply estimates in the rankings. Both rank above *R&I* estimates. As a last resort, tied companies are listed alphabetically.

R&I 400: RANKING

Rank '92	('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
1	(1)	**McDonald's**	FF burgers	**19,928.20**	6.2	**12,418**	5.2	12/91	Public/NYSE
2	(2)	**Burger King**	FF burgers	**6,200.00**	1.6	**6,409**	3.4	10/91	Grand Metropolitan PLC
3	(3)	**KFC**	FF chicken	**6,200.00**	7.4	**8,480**	3.6	12/91	PepsiCo
4	(4)	**Pizza Hut**	FS pizza	**5,300.00**	8.2	**9,000**	11.9	12/91	PepsiCo
5	(5)	**Hardee's**	FF burgers	**3,431.00****	A	**3,727**	2.9	12/91	Imasco Ltd.
6	(6)	Wendy's	FF burgers	3,223.60	5.0	3,804	2.1	12/91	Public/NYSE
7	(7)	ARA Services	Contract mgmt.	2,830.00	4.8	2,720	4.6	12/91	Private
8	(10)	Taco Bell	FF Mexican	2,800.00	16.7	3,670	12.1	12/91	PepsiCo
9	(A)	Marriott Management Services	Contract mgmt.	2,500.00*	A	2,400	.5	12/91	Marriott Corp.
10	(9)	Domino's Pizza	FF pizza	2,400.00	−9.4	5,500	2.3	12/91	Private
11	(11)	**Dairy Queen**	FF sweets	**2,352.40****	1.6	**5,329**	2.3	11/91	Intl. Dairy Queen
12	(A)	**Gardner Merchant Food Services**	Contract mgmt.	**2,158.60****	A	**6,733**	A	1/92	Forte PLC
13	(A)	**7-Eleven**	C-stores	**1,996.90****	A	**13,486**	A	12/91	The Southland Corp.
14	(18)	**Little Caesars**	FF pizza	**1,725.00**	23.2	**3,650**	15.0	12/91	Private
15	(A)	**Red Lobster**	FS seafood	**1,600.00****	A	**610****	A	12/91	General Mills
16	(15)	Denny's	Family dining	1,591.30	4.1	1,391	2.4	12/91	TW Services
17	(14)	Sheraton	Lodging	1,543.50	−3.5	1,468	−8.3	12/91	ITT Corp.
18	(A)	Canteen	Contract mgmt.	1,460.00	A	1,579	−3.2	12/91	TW Services
19	(16)	Arby's	FF sandwiches	1,450.00	1.4	2,500	3.3	12/91	DWG Corp.
20	(23)	Subway	FF sandwiches	1,400.00	27.3	6,106	13.5	12/91	Doctors Assoc.
21	(17)	**U.S. Army Center of Excellence, Subsistence**	Military	**1,400.00†***	−2.0	**800**	−19.6	9/91	—
22	(A)	**Hyatt Hotels**	Lodging	**1,167.50****	A	**597****	A	12/91	Private
23	(22)	**Hilton Hotels**	Lodging	**1,100.00**	−2.0	**1,200**	0.0	12/91	Public/NYSE
24	(26)	**Shoney's**	Family dining	**1,099.00**	10.6	**775**	5.4	10/91	Shoney's Inc.
25	(20)	**Marriott Lodging**	Lodging	**1,083.00**	−20.6	**766**	0.0	12/91	Marriott Corp.
26	(25)	Big Boy	Family dining	1,076.40**	7.6	946	−.4	12/91	Elias Bros. Restaurants
27	(A)	Caterair International	Transportation	1,049.00	A	117	A	12/91	Private
28	(27)	U.S. Navy Food Service Systems	Military	1,045.20†	9.5	609	−10.4	9/91	—
29	(30)	Dunkin' Donuts	FF sweets	990.80**	8.5	2,203	26.1	2/92	Allied-Lyons PLC
30	(29)	Sizzler	Steakhouses/BBQ	983.60*	7.3	636*	A	12/91	Public/NYSE
31	(28)	**Jack In The Box**	FF burgers	**978.00**	3.7	**1,089**	5.2	9/91	Foodmaker
32	(32)	**Holiday Inn Hotels**	Lodging	**965.60****	11.1	**3,300***	22.2	12/91	Bass PLC
33	(24)	**Service America**	Contract mgmt.	**915.00[S]**	−16.8	**1,100**	−33.3	12/91	Private
34	(37)	**Baskin-Robbins**	FF sweets	**829.70**	23.6	**3,533**	6.5	2/92	Allied-Lyons PLC
35	(39)	**The Olive Garden**	FS Italian	**808.00***	25.3	**320**	18.5	5/92	General Mills
36	(34)	Choice Hotels	Lodging	800.00	6.7	2,295	A	12/91	Manor Care
37	(36)	Ponderosa	Steakhouses/BBQ	744.10**	6.5	809	6.4	12/91	Metromedia Corp.
38	(41)	Morrison's Custom Management	Contract mgmt.	618.00*	2.7	708	2.2	6/92	Morrison Inc.
39	(42)	Carl's Jr.	FF burgers	614.00	6.2	630	9.0	1/92	Public/OTC
40	(44)	Westin Hotels & Resorts	Lodging	580.00	10.5	475	1.5	12/91	Aoki Corp.
41	(A)	**Army & Air Force Exchange Service**	Military	**574.20**	A	**2,060**	−21.8	12/91	—
42	(49)	**T.G.I. Friday's**	Dinner houses	**570.00**	12.5	**199**	19.2	12/91	Carlson Cos.
43	(A)	**Long John Silver's Seafood Shoppes**	FF seafood	**565.00***	A	**1,460**	.3	6/92	Jerrico
44	(A)	**United Airlines**	Transportation	**550.00**	A	**17**	0.0	12/91	UAL
45	(43)	**Popeyes Famous Fried Chicken & Biscuits**	FF chicken	**540.20**	−1.2	**808**	2.8	12/91	A. Copeland Ent.
46	(62)	Chili's Grill & Bar	Dinner houses	531.90*	37.3	264	7.3	6/92	Brinker Intl.
47	(50)	Walt Disney World Co.	Recreation	531.00	4.9	250	A	12/91	Public/NYSE
48	(45)	Friendly's	Family dining	530.00	1.9	780	−2.4	12/91	Tenn. Restaurant Co.
49	(56)	Sonic Drive-Ins	FF burgers	518.00	13.9	1,112	6.6	8/91	Public/OTC
50	(52)	Ogden Services	Contract mgmt.	510.00	9.7	82	9.3	12/91	Public/NYSE

*Company estimate; **R&I estimate; †commercial equiv.; (A) No comparison possible with previous-year data; (R) Based on revised 1990 figures; (S) 48% of sales from vending

R&I 400: RANKING

Rank '92 ('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
51 (48)	Church's Chicken	FF chicken	506.80	−1.4	1,136	−2.3	12/91	A. Copeland Ent.
52 (51)	Perkins Family Restaurants	Family dining	505.00	7.2	407	3.6	12/91	Tenn. Restaurant Co.
53 (A)	Dobbs International Services	Transportation	500.00	A	52	0.0	12/91	The Dial Corp.
54 (47)	Inter-Continental Hotels	Lodging	499.00	−2.9	425	0.0	12/91	Private
55 (63)	Sky Chefs	Transportation	470.00	3.8[R]	36	0.0[R]	12/91	Onex Foodservice
56 (53)	Bennigan's	Dinner houses	463.00**	.4	225**	.9	12/91	S&A Restaurant Corp.
57 (55)	Chi-Chi's	FS Mexican	456.30	−.6	237	6.8	9/91	Foodmaker
58 (68)	Golden Corral	Steakhouses/BBQ	449.00	26.9	440	8.9	12/91	Private
59 (65)	Radisson Hotels	Lodging	425.00	11.8	430	3.6	12/91	Carlson Cos.
60 (58)	Captain D's	FF seafood	420.80	2.1	636	1.1	10/91	Shoney's Inc.
61 (64)	International House of Pancakes	Family dining	413.60	7.7	409	1.8	12/91	Public/OTC
62 (57)	Western Sizzlin'	Steakhouses/BBQ	400.00	−10.1	372	−15.5	12/91	Private
63 (46)	Bonanza	Steakhouses/BBQ	389.20**	−24.4	365	−24.4	12/91	Metromedia
64 (67)	Bob Evans Restaurants	Family dining	381.50**	6.6	261	8.3	12/91	Bob Evans Farms
65 (61)	El Torito	FS Mexican	375.00*	−5.5	175	−2.8	12/91	Restaurant Ent. Group
66 (66)	Seiler's/FDI	Contract mgmt.	375.00**	−.3	477	0.0	12/91	Sodexho
67 (74)	New York City Board of Education	Education	363.90†*	13.0	1,289	2.1	6/92	—
68 (71)	Ryan's Family Steak Houses	Steakhouses/BBQ	355.10	7.3	177	11.3	12/91	Public/OTC
69 (81)	Ramada Hotels	Lodging	348.00**	17.9	580**	20.8	12/91	HFS
70 (83)	Wal-Mart Stores	Retail	331.60**	14.1	1,403	14.2	1/92	Public/NYSE
71 (76)	Luby's Cafeterias	Cafeterias	330.40	3.3	154	9.2	12/91	Public/NYSE
72 (72)	K mart	Retail	326.00	0.0	1,962	10.1	12/91	Public/NYSE
73 (82)	Chick-fil-A	FF chicken	324.60	10.5	460	4.3	12/91	Private
74 (69)	TCBY	FF sweets	321.00	−6.4	1,850	.2	11/91	Public/NYSE
75 (78)	Round Table Pizza	FF pizza	320.00	2.9	575	2.1	12/91	Round Table Fran. Corp.
76 (A)	Whataburger	FF burgers	318.40**	A	475	A	12/91	Private
77 (A)	Waffle House	Family dining	312.70**	A	784	A	5/92	Private
78 (A)	Days Inns of America	Lodging	312.50**	A	625**	A	12/91	HFS
79 (91)	ServiceMaster	Contract mgmt.	310.00**	17.4	305**	0.0	12/91	Private
80 (A)	Morrison's Cafeterias	Cafeterias	306.40*	A	165	A	6/92	Morrison Inc.
81 (59)	U.S.A.F. Morale, Welfare, Rec. & Service	Military	300.70†	−26.3	590	−.8	9/91	—
82 (75)	White Castle	FF burgers	300.00	3.1[R]	257	−1.5	12/91	Private
83 (103)	Applebee's Neighborhood Grill & Bar	Dinner houses	289.60	24.1	191	19.4	12/91	Public/OTC
84 (85)	The Ground Round	Dinner houses	288.60	1.6	201	1.0	12/91	Public/AMEX
85 (92)	California Dept. of Corrections	Institutions	288.40†	9.6	245	2.9	12/91	—
86 (87)	Quincy's Family Steakhouses	Steakhouses/BBQ	283.30	.6	216	1.9	12/91	TW Services
87 (73)	U.S. Marine Corps	Military	280.00†	−13.1	96	−7.7	9/91	—
88 (95)	Bakers Square	Family dining	279.00	11.6	179	8.5	10/91	Vicorp Restaurants
89 (89)	Piccadilly Cafeterias	Cafeterias	275.00*	−1.8	141	−1.4	6/92	Public/OTC
90 (96)	Sbarro	FF Italian	273.30	9.8	530	16.0	12/91	Public/AMEX
91 (90)	Dept. of Veterans Affairs	Military	269.10†	1.2	172	0.0	9/91	—
92 (127)	Stuart Anderson's Restaurants	Steakhouses/BBQ	258.00**	39.2	87	1.2	12/91	Amer. Restaurant Group
93 (A)	U.S. Air Force Clubs Branch	Military	252.40	A	225	−18.8	9/91	—
94 (100)	United Health	Health care	252.00†	5.9	154	2.0	12/91	Private
95 (79)	Restaura Dining Services	Contract mgmt.	250.00	−16.7	320	6.7	12/91	The Dial Corp.
96 (99)	Village Inn	Family dining	245.70	2.3	227	−.4	10/91	Vicorp Restaurants
97 (113)	Los Angeles Unified School District	Education	245.60†*	17.7	586	−14.3	6/92	—
98 (128)	Cracker Barrel Old Country Store	Family dining	242.60	31.9	119	35.2	8/91	Public/OTC
99 (112)	Ruby Tuesday	Dinner houses	241.50*	15.6	156	19.1	6/92	Morrison Inc.
100 (102)	Tony Roma's—A Place for Ribs	Steakhouses/BBQ	241.00	3.0	147	4.3	2/92	Private

*Company estimate; **R&I estimate; †commercial equiv.; (A) No comparison possible with previous-year data; (R) Based on revised 1990 figures

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R&I 400: RANKING

Rank '92 ('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
101 (93)	Marie Callender Pie Shops	Family dining	240.80	−7.4	163	1.9	12/91	Wilshire Restaurants
102 (98)	Beverly Enterprises	Health care	239.50†**	−1.1	853**	−1.0	12/91	Public/NYSE
103 (A)	Roy Rogers	FF sandwiches	236.60**	A	338	A	12/91	Imasco Ltd.
104 (104)	Godfather's Pizza	FS pizza	233.50	2.0	511	−2.7	12/91	Private
105 (130)	Shakey's	FS pizza	225.60	25.0	395	5.6	12/91	Inno-Pacific Holdings
106 (105)	Stouffer Hotels	Lodging	225.00**	−1.1	113**	.9	12/91	Nestlé USA
107 (A)	U.S. Navy Officer's and Enlisted Club System	Military	224.80	A	338	−6.9	9/91	—
108 (121)	The Wood Co.	Contract mgmt.	224.30	13.1	305	5.2	12/91	The Albert Abela Corp.
109 (A)	National Medical Enterprises	Health care	224.00†**	A	533	A	12/91	Private
110 (132)	Rally's Hamburgers	FF burgers	221.10	25.0	333	26.1	12/91	Public/OTC
111 (77)	Rax	FF sandwiches	220.80	−30.8	355	−21.8	7/91	Public/OTC
112 (106)	A&W Restaurants	FF sandwiches	217.00	0.0	722	−3.9	12/91	Taubman Investment Co.
113 (A)	Furr's Cafeterias	Cafeterias	216.00**	A	120	A	12/91	Public/NYSE
114 (109)	Steak & Ale	Steakhouses/BBQ	215.00**	.5	158**	0.0	12/91	S&A Restaurant Corp.
115 (A)	Circle K	C-stores	213.30**	A	5,509	A	12/91	Public/NYSE
116 (A)	Red Lion	Lodging	213.00	A	135	3.1	12/91	Public/AMEX
117 (120)	Krystal	FF burgers	211.00	6.0	250	5.9	12/91	Public/OTC
118 (107)	Four Seasons Hotels & Resorts	Lodging	209.00	−6.7	92**	0.0	12/91	Four Seasons
119 (122)	Ritz-Carlton Hotels	Lodging	207.10**	6.0	80	5.3	12/91	Private
120 (153)	Old Country Buffet	Cafeterias	207.00**	42.6	114	21.3	1/92	Public/OTC
121 (165)	Bally Casino Resorts	Lodging	204.00**	2.0	33	0.0	12/91	Bally Mfg.
122 (A)	Dobbs Houses	Family dining	200.00*	A	436	A	12/91	The Dial Corp.
123 (A)	U.S. Army Community & Family Support	Military	198.30	A	823	A	9/91	—
124 (114)	Houlihan's	Dinner houses	198.20	−3.8	70	−7.9	12/91	Gilbert/Robinson
125 (119)	dāka	Contract mgmt.	195.00	−2.5	486	2.5	12/91	DAKA Intl.
126 (110)	Harry M. Stevens	Contract mgmt.	190.00	−9.5	28	−3.4	12/91	Private
127 (123)	El Pollo Loco	FF chicken	185.90	−4.6	211	−15.6	12/91	TW Services
128 (136)	Sportservice	Contract mgmt.	185.00	9.5	175	2.9	12/91	Delaware North Cos.
129 (131)	Country Kitchen	Family dining	182.40	2.7	232	−5.7	12/91	Carlson Cos.
130 (135)	Fuddruckers	FS burgers	177.70	3.9	134	2.3	12/91	DAKA Intl.
131 (A)	Del Taco	FF Mexican	177.00**	A	279	A	12/91	Private
132 (140)	Pizza Inns	FS pizza	176.00*	6.7	415	−2.4	7/92	Private
133 (129)	Grandy's	FF chicken	175.90	−3.9	199	−1.0	12/91	Amer. Restaurant Group
134 (141)	Braum's Ice Cream & Dairy Stores	FF sweets	175.30**	7.0	252	6.8	12/91	Private
135 (151)	Red Robin	Dinner houses	173.20	18.6	81	19.1	12/91	Skylark Co. Ltd.
136 (A)	Navy Exchange Service Command	Military	168.00†	A	466	A	1/92	—
137 (124)	Wyatt's Cafeterias	Cafeterias	166.00	−14.4	94	−25.4	12/91	Private
138 (134)	Concession Air	Contract mgmt.	165.00	−5.2	39	2.6	12/91	Delaware North Cos.
139 (116)	Embassy Suites	Lodging	165.00	−17.5	103	−1.9	12/91	Promus Cos.
140 (150)	Club Corp. of America	Contract mgmt.	160.00	8.8	185	2.2	12/91	Private
141 (A)	Hard Rock Cafe	Dinner houses	157.80**	A	28	A	12/91	Private[T]
142 (162)	Federal Bureau of Prisons	Institutions	155.10†	13.3	67	3.1	9/91	—
143 (A)	Chuck E. Cheese	FS pizza	155.00**	A	187	A	12/91	ShowBiz Pizza Time
144 (144)	Mrs. Fields	FF sweets	155.00**	.2	600**	0.0	12/91	Private
145 (155)	Chart House	Dinner houses	150.00	4.7	67	3.1	12/91	Public/NYSE
146 (181)	Daughters of Charity Health Systems	Health care	146.40†*	36.2	68	70.0	6/92	Private
147 (142)	Universal Ogden	Contract mgmt.	144.00	−10.0	480	−4.0	12/91	Private
148 (154)	Lee's Famous Recipe Chicken	FF chicken	143.80	−.8	275	−2.1	10/91	Shoney's Inc.
149 (157)	Hospital Corp. of America	Health care	142.80†**	3.0	128**	0.0	12/91	Private
150 (137)	Specialty Restaurants	Dinner houses	141.00	−15.6	72	0.0	7/91	Private

*Company estimate; **R&I estimate; †commercial equiv.; (A) No comparison possible with previous-year data; (T) Ownership split between Rank Leisure USA and Hard Rock Cafe America

R&I 400: RANKING

Rank '92 ('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
151 (128)	**Carvel Ice Cream Bakery**	FF sweets	140.00	−26.3	800	−8.5	12/91	Investcorp
152 (139)	**PoFolks**	Family dining	140.00	−15.2	135	−1.5	9/91	Public/OTC
153 (149)	**Woolworth**	Retail	140.00	−5.7	583	−19.6	12/91	Public/NYSE
154 (A)	**Wawa**	C-stores	139.90	A	491	A	12/91	Private
155 (166)	**Taco John's**	FF Mexican	137.00*	2.9	435	−2.2	12/91	Private
156 (158)	**Doubletree Hotels**	Lodging	137.00**	−1.2	100**	0.0	12/91	Canadian Pacific
157 (164)	**Carrow's**	Family dining	136.00**	.8	108	0.0	12/91	Restaurant Ent. Group
158 (160)	**Chicago Public Schools**	Education	135.80†*	−1.6	600	3.3	6/92	—
159 (173)	**Pizzeria Uno Restaurant & Bar**	FS pizza	135.40	12.6	96	12.9	9/91	Public/AMEX
160 (172)	**Carnival Cruise Lines**	Recreation	135.40†**	12.5	65	12.1	12/91	Public/AMEX
161 (163)	**Caesar's World**	Lodging	135.00	−.7	34	0.0	12/91	Private
162 (191)	**Häagen-Dazs**	FF sweets	135.00	34.1	386	−3.2	12/91	Grand Metropolitan PLC
163 (A)	**Trans World Airlines**	Transportation	132.50	A	3	A	12/91	Public/NYSE
164 (118)	**Harrah's Casino Hotels**	Lodging	131.60	−2.4	38	18.0	12/91	Public/NYSE
165 (158)	**Papa Gino's**	FS pizza	131.50	−4.7	218	0.0	9/91	Private
166 (168)	**Tastee-Freez**	FF sweets	130.00	0.0	360	−1.1	12/91	DeNovo Corp.
167 (185)	**Royal Caribbean Cruise Line**	Recreation	129.40†	24.9	72**	33.3	12/91	Private
168 (170)	**Bojangles' Chicken & Biscuits**	FF chicken	128.00	5.8	160	3.9	12/91	BJ Acquisition Corp.
169 (177)	**J.B.'s Restaurants**	Dinner houses	127.30	10.9	139	4.5	12/91	Public/OTC
170 (171)	**Lyon's Restaurants**	Family dining	125.10*	3.8	82	9.3	6/92	Private
171 (174)	**Omni Hotels**	Lodging	124.50	4.4	125	40.4	12/91	Wharf Holdings Ltd.
172 (175)	**Blimpie Subs & Salads**	FF sandwiches	122.20	4.4	500	22.2	12/91	Astor Restaurant Group
173 (156)	**Western Steer Family Steakhouses**	Steakhouses/BBQ	121.40	−14.7	123	−15.2	2/92	WSMP
174 (178)	**Circus Circus Enterprises**	Lodging	121.30**	8.0	37	0.0	12/91	Public/NYSE
175 (176)	**Wienerschnitzel**	FF sandwiches	119.70	4.2	288	0.0	12/91	Galardi Group
176 (183)	**Florida Dept. of Corrections**	Institutions	119.00†	11.8	132	3.9	12/91	—
177 (A)	**Black-eyed Pea**	Dinner houses	117.70**	A	98	A	3/92	Prufrock Restaurants
178 (179)	**Kettle Restaurants**	Family dining	116.00	7.0	163	−2.4	10/91	Private
179 (161)	**Mazzio's**	FS pizza	114.80	−16.2	243	−8.3	12/91	Private
180 (203)	**New York State Dept. Correctional Services**	Institutions	113.70†	23.6	68	1.5	3/92	—
181 (167)	**Mr. Gatti's**	FF pizza	113.40**	−13.0	252	−16.0	12/91	LDB Corp.
182 (188)	**Humana**	Health care	112.00†	9.9	81	0.0	12/91	Public/NYSE
183 (184)	**El Chico**	FS Mexican	110.80**	4.1	84	1.2	12/91	Southwest Cafes
184 (A)	**Casey's General Store**	C-stores	110.20*	A	799	1.7	4/92	Public/OTC
185 (A)	**U.S.M.C. Morale, Welfare & Rec. Supp.**	Military	109.00	A	300	−17.6	12/91	—
186 (193)	**Busch Entertainment**	Recreation	108.00	8.0	110**	0.0	12/91	Anheuser-Busch
187 (146)	**Mister Donut**	FF sweets	107.10**	−28.6	360	−28.6	2/92	Allied-Lyons PLC
188 (180)	**Steak 'n Shake**	Family dining	106.00	−1.5	119	1.7	12/91	Consolidated Products
189 (—)	**Daylight Donut Shops**	FF sweets	105.40	—	527	—	12/91	Private
190 (209)	**Dade County (Fla.) Schools**	Education	104.60†*	16.7	302	.7	7/92	—
191 (200)	**Houston's Restaurants**	Dinner houses	102.90	10.6	23	15.0	12/91	Private
192 (189)	**Skipper's**	FF seafood	100.50	−.7	216	.5	12/91	National Pizza Co.
193 (A)	**New Jersey Dept. of Corrections**	Institutions	100.30†	A	15	A	12/91	—
194 (212)	**Hooters Restaurants**	Dinner houses	100.00	17.6	64	33.3	12/91	Private
195 (192)	**California Dept. of Rehabilitation**	Institutions	100.00†	0.0	290	0.0	12/91	—
196 (A)	**Taco Time**	FF Mexican	100.00*	A	287	A	9/91	Private
197 (—)	**Cineplex Odeon**	Recreation	99.20**	—	415	—	12/91	Public/NYSE
198 (196)	**Professional Food-Service Management**	Contract mgmt.	97.50	2.4	133	3.1	8/91	Private
199 (221)	**Eat'n Park**	Family dining	97.00	21.3	54	3.8	12/91	Private
200 (204)	**Lettuce Entertain You Enterprises**	Dinner houses	95.50	4.9	28	−3.4	12/91	Private

*Company estimate; **R&I estimate; †commercial equiv.; (A) No comparison possible with previous-year data; (R) Based on revised 1990 figures

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R&I 400: RANKING

Rank '92 ('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
201 (197)	Fosters Freeze	FF sweets	95.40	.4	172	−4.4	12/91	Private
202 (206)	Dayton Hudson Department Store Co.	Retail	95.00	5.6	62	A	12/91	Public/NYSE
203 (211)	Garcia's Mexican Restaurants	FS Mexican	95.00	8.6	51	−3.8	12/91	Famous Restaurants
204 (195)	Brown's Chicken & Pasta	FF chicken	94.00	−2.1	146	−1.4	10/91	Private
205 (210)	HDS Services	Contract mgmt.	93.00	4.8	125	2.5	12/91	TrettCo
206 (—)	Outback Steakhouse	Steakhouses/BBQ	91.00	—	49	—	12/91	Public/OTC
207 (207)	Wometco Food Services	Contract mgmt.	91.00*	1.1	962	.2	6/92	Private
208 (202)	Golden Nugget Casinos	Lodging	90.40	−2.0	18	0.0	12/91	Mirage Resorts
209 (250)	I Can't Believe It's Yogurt	FF sweets	90.00	38.5	730	69.8	12/91	Brice Foods
210 (201)	Guest Services	Contract mgmt.	90.00*	−3.2	128	0.0	12/91	Private
211 (222)	Howard Johnson	Family dining	89.20	11.5	105	5.0	12/91	Franchise Assoc.
212 (255)	Trans/Pacific Restaurants	Dinner houses	88.20	37.8	47	34.3	3/92	Private
213 (205)	Benihana	Dinner houses	88.00	−2.2	49	0.0	3/92	Public/OTC
214 (217)	Winchell's Donut House	FF sweets	85.00	5.1	385	0.0	12/91	Shato Holdings Ltd.
215 (—)	D'Angelo Sandwich Shops	FF sandwiches	85.00*	—	160	—	12/91	Private
216 (215)	Princess Hotels International	Lodging	84.30**	0.0	34	0.0	9/91	Lonrho PLC
217 (213)	King's Table Buffets	Cafeterias	84.20	−.9	60	−24.1	12/91	Private
218 (219)	Six Flags	Recreation	83.00**	3.1	350**	2.9	12/91	Private
219 (234)	Acapulco Restaurants	FS Mexican	82.60	11.6	48	17.1	9/91	Restaurant Assoc.
220 (233)	Valley Innovative Mgmt.	Contract mgmt.	82.50	10.9	145	5.8	12/91	Private
221 (220)	Sonny's Real Pit Bar-B-Q	Steakhouses/BBQ	82.00	2.1	80	14.3	12/91	Private
222 (208)	Orange Julius	FF sweets	82.00**	−8.7	560	−8.8	11/91	Intl. Dairy Queen
223 (226)	Michigan Dept. of Corrections	Institutions	81.90†	5.5	68	−1.4	9/91	—
224 (240)	Au Bon Pain	FF sandwiches	80.90	14.0	107	24.4	12/91	Public/OTC
225 (246)	Target Stores	Retail	80.00	19.4	450	7.1	12/91	Dayton Hudson
226 (232)	Pancho's Mexican Buffet	FS Mexican	78.10	4.8	70	4.5	9/91	Public/OTC
227 (244)	AMTRAK	Transportation	77.70	12.8	300	0.0	9/91	Private
228 (235)	Bill Knapp's	Dinner houses	76.80**	4.1	68**	11.5	12/91	Private
229 (223)	Health Trust	Health care	76.70†**	−3.5	82	−3.5	12/91	Private
230 (—)	Darryl's	Dinner houses	76.50	—	30	—	12/91	Gilbert/Robinson
231 (148)	Brown Derby	Dinner houses	76.10**	−49.1	27	−49.1	12/91	Private
232 (256)	Damon's	Steakhouses/BBQ	75.00	21.0	45	12.5	12/91	Private
233 (A)	Emro Marketing	C-stores	75.00*	A	1,000*	A	12/91	Marathon Oil Co.
234 (252)	K&W Cafeterias	Cafeterias	75.00*	15.4	28	16.7	6/92	Private
235 (—)	Manchu Wok	FF Chinese	75.00*	—	234	—	5/92	Scott's Hospitality
236 (182)	Trusthouse Forte Hotels	Lodging	75.00*	−29.8	125	.8	2/92	Forte PLC
237 (238)	Manor Health Care	Health care	73.80†*	2.9	166	−1.2	5/92	Manor Care
238 (375)	Checkers Drive-In	FF burgers	73.50	107.0	117	67.1	12/91	Public/OTC
239 (253)	The Boyd Group	Lodging	73.20	13.3	29	3.6	6/91	Private
240 (218)	Huddle House	Family dining	73.00	−9.3	201	1.5	4/92	Private
241 (224)	Mrs. Winner's Chicken & Biscuits	FF chicken	73.00*	−7.6	115	−.9	5/92	Mrs. Winner's L.P.
242 (216)	New York State Office of Mental Health	Institutions	72.90†	−13.2	31	−3.1	12/91	—
243 (237)	Wyndham Hotels & Resorts	Lodging	72.00	0.0	44	25.7	12/91	Private
244 (225)	L&N Seafood	FS seafood	71.50*	−9.3	40	17.6	6/92	Morrison Inc.
245 (254)	Sirloin Stockade Restaurant	Steakhouses/BBQ	71.00	10.9	76	2.7	12/91	Private
246 (A)	ShowBiz Pizza	FS pizza	70.40**	A	85	A	12/91	ShowBiz Pizza Time
247 (—)	Chevys Mexican Restaurants	FS Mexican	70.00	—	34	—	12/91	Private
248 (—)	All Seasons Services	Contract mgmt.	70.00*	—	102	—	12/91	Private
249 (339)	Nathan's Famous	FF sandwiches	70.00*	27.3^{R}	79	23.4	3/92	Private
250 (245)	Restaurants Unlimited	Dinner houses	69.90	2.0	22	4.8	12/91	Private

*Company estimate; **R&I estimate; †commercial equiv.; (A) No comparison possible with previous-year data; (R) Based on revised 1990 figures

R&I 400: RANKING

Rank '92 ('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
251 (262)	Ruth's Chris Steak House	Steakhouses/BBQ	69.00	15.0	31	6.9	12/91	Private
252 (248)	Togo's Eatery	FF sandwiches	69.00	4.5	145	9.0	12/91	M.T.C. Mgmt.
253 (298)	Nordstrom	Retail	67.00**	34.8	93	34.8	12/91	Public/OTC
254 (249)	Pennsylvania Dept. of Corrections	Institutions	66.40†	.9	25	−21.9	12/91	—
255 (345)	Texas Dept. of Criminal Justice	Institutions	66.40†*	65.6	62	1.6	8/92	—
256 (251)	Sanese Services	Contract mgmt.	65.00[U]	0.0	75	7.1[R]	12/91	Private
257 (281)	New York City Health & Hospitals	Health care	64.80†**	17.8	20	17.6	6/92	—
258 (260)	Holland America Line	Recreation	64.40†	7.0	52	0.0	12/91	Carnival Cruise Line
259 (247)	Fairmont Hotels	Lodging	64.10	−3.3	21	−8.7	12/91	Private
260 (320)	Houston Independent School District	Education	64.10†*	45.0	232	1.3	8/92	—
261 (259)	Taco Bueno	FF Mexican	63.00*	4.0	110	0.0	3/92	Casa Bonita
262 (272)	Hungry Howie's Pizza & Subs	FF pizza	62.00	8.8	205	15.8	12/91	Private
263 (292)	Old Spaghetti Factory	FS Italian	62.00	21.6	37	2.8	12/91	OSF Intl.
264 (263)	The Original Cookie Co.	FF sweets	62.00	3.3	282	4.8	12/91	Private
265 (352)	California Pizza Kitchen	FS pizza	61.00*	52.5	23	21.1	6/92	Private
266 (266)	Peter Piper	FF pizza	60.30**	2.9	119	2.6	12/91	Private
267 (311)	Cinnabon World Famous Cinnamon Rolls	FF sweets	60.00	30.4	165	11.5	12/91	Restaurants Unlimited
268 (308)	Guckenheimer	Contract mgmt.	60.00	27.7	122	4.3	12/91	Private
269 (271)	Schlotzsky's	FF sandwiches	60.00	5.3	245	2.9	12/91	Private
270 (A)	Veterans Canteen Service	Military	60.00	A	172	A	9/91	—
271 (264)	Great American Chocolate Chip Cookie Co.	FF sweets	60.00**	.2	300**	A	12/91	Private
272 (257)	Registry Hotel	Lodging	60.00**	−2.3	15**	0.0	12/91	Private
273 (268)	Nutrition Management Services	Contract mgmt.	58.00	0.0	100	0.0	6/92	Private
274 (239)	New York State Office of Mental Retardation	Institutions	57.70†	−17.9	20	0.0	3/92	—
275 (A)	O'Charley's Restaurant & Lounge	Dinner houses	57.50	A	36	A	12/91	Public/OTC
276 (287)	Trader Vic's	Dinner houses	57.50	10.6	19	−5.0	12/91	Private
277 (289)	Evangelical Lutheran Good Samaritan Soc.	Health care	57.50†**	12.3	235	12.4	12/91	Private
278 (—)	Mountain Jack's	Steakhouses/BBQ	57.30**	—	33	—	12/91	Kyotaru Intl.
279 (276)	RA Theme Restaurants	Dinner houses	56.50	2.4	17	−5.6	9/91	Restaurant Assoc.
280 (293)	Philadelphia School District	Education	56.10†*	10.7	272	3.8	6/92	—
281 (—)	Levy Specialty Concessions	Contract mgmt.	55.50	—	10	—	12/91	The Levy Organization
282 (283)	Ohio Dept. of Rehabilitation & Correction	Institutions	55.10†**	3.6	22	0.0	6/92	—
283 (270)	Adam's Mark Hotels	Lodging	55.00	−3.5	33	0.0	12/91	HBE Corp.
284 (394)	RA Restaurant Services	Contract mgmt.	55.00	12.2[R]	18	−5.3	12/91	Restaurant Assoc.
285 (279)	Shari's Restaurants	Family dining	55.00	0.0	54	3.8	12/91	Private
286 (313)	Hawaii Statewide School System	Education	54.60†*	19.0	230	0.0	6/92	—
287 (282)	A&W Hot Dogs & More	FF sandwiches	54.00*	−.9	264	−2.2	5/92	Private
288 (354)	The Spaghetti Warehouse	FS Italian	54.00*	35.0	22	29.4	6/92	Public/NYSE
289 (284)	C.A. Muer	FS seafood	53.00	0.0	21	40.0	9/91	Private
290 (302)	Hamburger Hamlets	FS burgers	53.00	9.5	25	8.7	12/91	Public/OTC
291 (236)	Resorts International	Lodging	52.40	−27.2	38	65.2	12/91	Private
292 (—)	Hungry Hunter	Steakhouses/BBQ	52.10**	—	30	—	12/91	Kyotaru Intl.
293 (300)	Southern Foodservice Mgmt.	Contract mgmt.	51.50	5.1	101	17.4	9/91	Private
294 (280)	Soup Exchange	Family dining	51.20**	−6.9	32**	−8.6	12/91	Soup & Salad Systems
295 (357)	Ark Restaurants	Dinner houses	51.10	6.5[R]	24	26.3[R]	9/91	Public/AMEX
296 (333)	Lackmann Food Service	Contract mgmt.	51.00	21.1	51	6.3	6/92	Private
297 (278)	Red Onion	FS Mexican	51.00*	−7.3	16	0.0	6/92	Private
298 (294)	California Dept. of Developmental Services	Institutions	50.40†**	0.0	11	0.0	12/91	—
299 (337)	David's Cookies	FF sweets	50.20**	20.4	265**	11.3	12/91	Specialty Foods Mgmt.
300 (—)	Bill Miller Barbeque	Steakhouses/BBQ	50.00*	—	47	—	12/91	Private

*Company estimate; **R&I estimate; †commercial equiv.; (A) No comparison possible with previous-year data; (R) Based on revised 1990 figures; (U) 72% of sales from vending

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R&I 400: RANKING

Rank '92 ('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
301 (303)	**Entertainment One**	Dinner houses	50.00*	4.2	20	0.0	12/91	Private
302 (331)	**Maid-Rite**	FF sandwiches	50.00*	17.6	170	0.0	12/91	Private
303 (—)	**Homestyle Family Buffet**	Cafeterias	49.40	—	33	—	12/91	Public/OTC
304 (312)	**Life Care Center**	Health care	49.10**	6.7	130**	4.8	12/91	Private
305 (A)	**Legal Sea Foods**	FS seafood	49.00*	A	8	A	12/91	Private
306 (297)	**Olga's Kitchen**	Family dining	49.00**	−2.0	52**	−1.9	12/91	Private
307 (314)	**Health Care & Retirement Corp.**	Health care	48.40†	6.1	135	0.0	12/91	Private
308 (299)	**Showboat**	Lodging	46.80	−5.1	13	8.3	12/91	Public/NYSE
309 (309)	**MCL Cafeterias**	Cafeterias	46.80**	0.0	28	3.7	1/92	Private
310 (274)	**Pennsylvania Dept. of Public Welfare**	Institutions	46.60†*	−16.8	29	−9.4	6/92	—
311 (347)	**Everything Yogurt & Salad Cafés**	FF sweets	46.00	15.0	325	3.2	12/91	Private
312 (325)	**LaRosa's Pizzerias**	FS pizza	46.00	7.0	46	−6.1	12/91	Private
313 (359)	**Broward County (Fla.) School Board**	Education	45.70†*	18.4	175	0.0	6/92	—
314 (A)	**Levy Restaurants**	Dinner houses	45.50	A	35	A	12/91	The Levy Organization
315 (360)	**Texas Health Enterprises**	Health care	45.50†**	18.2	130*	18.2	12/91	Private
316 (A)	**Peasant Restaurants**	Dinner houses	45.00	A	19	A	12/91	Quantum Restaurants
317 (317)	**Doral Hotels & Resorts**	Lodging	45.00**	0.0	16**	0.0	12/91	Carol Mgmt.
318 (A)	**Bombay Bicycle Club**	Dinner houses	44.80	A	33	A	9/91	Associated Hosts
319 (295)	**U.S. Army Medical Dept.**	Military	44.80†	−10.8	50	0.0	9/91	—
320 (230)	**Swensen's Ice Cream**	Family dining	44.50**	−40.7	138	−46.1	12/91	Steve's Ice Cream
321 (322)	**Jerry's Subs & Pizza**	FF sandwiches	44.30	1.8	78	4.0	12/91	Private
322 (324)	**Bresler's Ice Cream & Yogurt**	FF sweets	44.00	2.3	300	0.0	12/91	Private
323 (330)	**North Carolina Dept. of Corrections**	Institutions	43.90†*	3.1	91	0.0	7/91	—
324 (273)	**McCrory Stores**	Retail	43.70**	−23.1	230**	−22.3	12/91	Private
325 (A)	**Magic Pan**	Dinner houses	43.60**	A	28	A	12/91	Bay Bottlers Ltd.
326 (332)	**Leiserv**	Recreation	43.50	3.1	126	0.0	12/91	Brunswick Corp.
327 (328)	**Opryland Hotels**	Lodging	43.50	1.2	3	0.0	12/91	Public/NYSE
328 (A)	**Sir Pizza**	FF pizza	43.20*	A	71	A	12/91	Private
329 (329)	**Dallas Independent School District**	Education	43.10†	.7	192	−.5	6/92	--
330 (—)	**Longhorn Steaks**	Steakhouses/BBQ	43.10**	—	29	—	12/91	Public/OTC
331 (326)	**Mr. Hero**	FF sandwiches	43.00	0.0	120	−4.0	12/91	Restaurant Developers
332 (389)	**Hillsborough County (Fla.) School Board**	Education	43.00†*	28.0	159	6.7	6/92	—
333 (350)	**Spectrum Restaurants**	Dinner houses	43.00**	7.5	16	6.7	12/91	Amer. Restaurant Group
334 (361)	**In-N-Out Burgers**	FF burgers	42.60**	11.8	71	10.9	12/91	Private
335 (304)	**American Medi[illegible] International**	Health care	42.20†**	−11.7	38	−11.6	12/91	Public/NYSE
336 (306)	**Aztar**	Lodging	42.00	−11.4	38	0.0	1/92	Public/OTC
337 (343)	**Casa Olé Restaurants & Cantinas**	FS Mexican	42.00	3.7	36	0.0	12/91	Private
338 (335)	**National Healthcorp**	Health care	42.00†	0.0	87	16.0	12/91	Private
339 (384)	**The New York Restaurant Group**	Dinner houses	42.00*	22.8	7	16.7	12/91	Private
340 (A)	**Charlie Brown's**	Dinner houses	41.80	A	26	A	9/91	Restaurant Assoc.
341 (346)	**Arctic Circle**	FF burgers	41.50	3.8	100	−5.7	12/91	Private
342 (307)	**Bobby McGee's**	Dinner houses	41.00	−12.8	13	−23.5	12/91	Private
343 (—)	**Central Park USA**	FF burgers	41.00	—	72	—	12/91	Private
344 (291)	**Mr. Steak**	Steakhouses/BBQ	41.00	−19.6	51	−40.0	12/91	Jamco Ltd.
345 (378)	**The Pasta House**	FS Italian	41.00	17.1	26	0.0	12/91	Private
346 (364)	**King's Family Restaurants**	Family dining	41.00*	7.9	24	9.1	6/92	King's Country Shops
347 (349)	**Sonesta Hotels**	Lodging	41.00**	2.5	30	0.0	12/91	Private
348 (—)	**Morton's of Chicago Steakhouses**	Steakhouses/BBQ	40.60	—	17	—	12/91	Quantum Restaurants
349 (368)	**Mountain Mike's Pizza**	FF pizza	40.00	8.1	74	5.7	12/91	Private
350 (—)	**Pudgie's Famous Chicken**	FF chicken	40.00	—	131	—	12/91	Private

*Company estimate. **R&I estimate. †commercial equiv. (A) No comparison possible with previous-year data. (R) Based on revised 1990 figures

R&I 400: RANKING

Rank '92 ('91)	Concept	Segment	'91 sales in $ millions	% chg. sales	'91 units	% chg. units	FY ends	Ownership
351 (382)	Universal Studios Florida	Recreation	40.00**	14.3	15	0.0	6/92	MCI Corp.
352 (355)	U.S. Coast Guard	Military	39.80†**	0.0	398	0.0	9/91	—
353 (388)	The Cooker Bar & Grille	Dinner houses	39.50	17.2	15	25.0	12/91	Public/OTC
354 (A)	Miami Subs	FF sandwiches	39.00	A	85	A	12/91	Public/OTC
355 (316)	Skyline Chili	Family dining	39.00	−13.3	78	2.6	10/91	Public/OTC
356 (344)	Two Pesos Mexican Cafes	FF Mexican	38.70*	−3.7	34	17.2	3/92	Public/AMEX
357 (362)	Palm Restaurants	Dinner houses	38.50	1.3	11	0.0	12/91	Palm Mgmt. Corp.
358 (385)	Tippin's Restaurant & Pie Pantry	Family dining	38.20	12.4	20	0.0	2/92	Private
359 (—)	Claim Jumper Restaurants	Dinner houses	38.10	—	8	—	12/91	Southwest Foods
360 (395)	Arthur Treacher's	FF seafood	38.00	18.8	111	14.4	12/91	Private
361 (376)	Carlos Murphy's	FS Mexican	38.00	8.6	18	5.9	12/91	Private
362 (A)	Guest Quarters Suite Hotels	Lodging	38.00	A	28	−6.7	12/91	Private
363 (380)	T.J. Cinnamons Bakery	FF sweets	38.00	8.6	164	9.3	12/91	Signature Foods
364 (358)	Michigan State University	Education	37.80†*	−2.8	44	0.0	6/92	—
365 (—)	Bertucci's Brick Oven Pizzeria	FS pizza	37.50	—	26	—	12/91	Public/OTC
366 (323)	Bobby Rubino's Place for Ribs	Steakhouses/BBQ	37.50	−13.6	19	−5.0	12/91	Private
367 (—)	TS Restaurants	Dinner houses	37.50	—	13	—	12/91	Private
368 (370)	Happy Chef	Family dining	37.40*	1.9	60	1.7	5/92	Private
369 (241)	Prime Motor Inns	Lodging	37.00**	−47.1	40	−46.7	12/91	Public/NYSE
370 (A)	Loews Hotels	Lodging	36.90	A	28	A	12/91	Loews Corp.
371 (386)	Filk International	Contract mgmt.	36.90*	8.5	69	4.5	12/91	Private
372 (374)	Lamp Post Pizza	FF pizza	36.80	2.8	61	−4.7	12/91	Private
373 (—)	Bon Appétit Management Co.	Contract mgmt.	36.60*	—	43	—	6/92	Private
374 (383)	Valentino's	FS pizza	36.50*	6.4	43	0.0	3/92	Private
375 (356)	New Jersey Dept. of Human Services	Institutions	36.40†*	−7.1	18	28.6	6/92	—
376 (288)	Creative Restaurant Management	Dinner houses	36.00**	−30.1	15	−31.8	12/91	Private
377 (369)	Noble Roman's	FS pizza	35.80**	−3.2	73	−3.9	12/91	Private
378 (—)	Bain's Deli	FF sandwiches	35.50	—	81	—	12/91	Bain's Deli Fran. Assoc.
379 (351)	Spire's Restaurants	Family dining	35.40**	−11.5	23**	4.5	12/91	Private
380 (392)	Texas Dept. of Mental Health	Institutions	35.30†	7.0	26	−3.7	8/91	—
381 (—)	Pennsylvania State University	Education	35.30†*	—	31	—	6/92	—
382 (363)	Shells Restaurants	Dinner houses	35.10	−7.6	26	−7.1	12/91	Private
383 (397)	Flying J Travel Plazas	Retail	35.00*	9.4	43	−4.4	12/91	Private
384 (—)	Souplantation	Family dining	34.70**	—	22	—	9/91	Private
385 (315)	Freshëns Premium Yogurt	FF sweets	34.60*	−23.1	206	−14.5	8/91	Yogurt Ventures U.S.A.
386 (366)	Pietro's Pizza	FF pizza	34.50	−8.0	69	−12.7	12/91	Private
387 (391)	The Original Seafood Shanty	FS seafood	34.40**	4.2	14	0.0	9/91	Private
388 (377)	Elmer's Pancake & Steak House	Family dining	34.30	−2.0	27	−3.6	3/92	Private
389 (336)	Stouffer Specialty Restaurants	Dinner houses	34.00**	−19.0	16**	−20.0	12/91	Nestlé Ent.
390 (—)	Cucos Restaurantes	FS Mexican	33.70*	—	33	—	7/92	Public/OTC
391 (321)	Vie de France	FF sandwiches	33.50	−23.9	35	−16.7	12/91	Public/OTC
392 (A)	Rusty Pelican	FS seafood	33.40**	A	14	A	10/91	Green Leaf Ventures
393 (396)	Blue Ribbon Services	Contract mgmt.	33.20	3.8	70	2.9	9/91	Private
394 (383)	CVI Service Group	Contract mgmt.	33.00^{V}	1.5	62	21.6	8/91	Private
395 (399)	Schwartz Brothers Restaurants	Dinner houses	33.00	3.1	15	0.0	12/91	Private
396 (—)	Mark Pi's	FF Chinese	33.00*	—	45	—	12/91	Private
397 (318)	Detroit Public Schools	Education	33.00†*	−26.3	250	1.6	6/92	—
398 (365)	Cheesecake Factory	Dinner houses	33.00**	−12.0	5	0.0	12/91	Private
399 (—)	The Great Steak & Fry Co.	FF sandwiches	32.00	—	110	—	12/91	Nicar Mgmt.
400 (A)	Northwest Airlines	Transportation	32.00**	A	2	A	12/91	Private

*Company estimate; **R&I estimate; †commercial equiv.; (A) No comparison possible with previous-year data; (R) Based on revised 1990 figures; (V) 20% of sales from vending

R&I 400: SEGMENTS

BURGERS ($36,372.6MM)

Organization	400 rank	Sales $MM
1. McDonald's	1	19,928.2
2. Burger King	2	6,200.0
3. Hardee's	5	3,431.0**
4. Wendy's	6	3,223.6
5. Jack In The Box	31	978.0
6. Carl's Jr.	39	614.0
7. Sonic Drive-Ins	49	518.0
8. Whataburger	76	318.4**
9. White Castle	82	300.0
10. Rally's Hamburgers	110	221.1
11. Krystal	117	211.0
12. Fuddruckers	130	177.7
13. Checkers Drive-In	238	73.5
14. Hamburger Hamlets	290	53.0
15. In-N-Out Burgers	334	42.6**
16. Arctic Circle	341	41.5
17. Central Park USA	343	41.0

CONTRACT MANAGEMENT ($14,249.6MM)

Organization	400 rank	Sales $MM
1. ARA Services	7	2,830.0
2. Marriott Management Services	9	2,500.0*
3. Gardner Merchant Food Services	12	2,158.6**
4. Canteen	18	1,460.0
5. Service America	33	915.0[S]
6. Morrison's Custom Management	38	618.0*
7. Ogden Services	50	510.0
8. Seiler's/FDI	66	375.0**
9. ServiceMaster	79	310.0**
10. Restaura Dining Services	95	250.0
11. The Wood Co.	108	224.3
12. dáka	125	195.0
13. Harry M. Stevens	126	190.0
14. Sportservice	128	185.0
15. Concession Air	138	165.0
16. Club Corp. of America	140	160.0
17. Universal Ogden	147	144.0
18. Professional Food-Service Management	198	97.5
19. HDS Services	205	93.0
20. Wometco Food Services	207	91.0*
21. Guest Services	210	90.0*
22. Valley Innovative Management	220	82.5
23. All Seasons Services	248	70.0*
24. Sanese Services	256	65.0[U]
25. Guckenheimer	268	60.0
26. Nutrition Management Services	273	58.0
27. Levy Specialty Concessions	281	55.5
28. RA Restaurant Services	284	55.0
29. Southern Foodservice Management	293	51.5
30. Lackmann Food Service	296	51.0
31. Flik International	371	36.9*
32. Bon Appétit Management Co.	373	36.6*
33. Blue Ribbon Services	393	33.2
34. CVI Service Group	394	33.0[V]

PIZZA/ITALIAN ($12,831.9MM)

Organization	400 rank	Sales $MM
1. Pizza Hut	4	5,300.0
2. Domino's Pizza	10	2,400.0
3. Little Caesars	14	1,725.0
4. The Olive Garden	35	808.0*
5. Round Table Pizza	75	320.0
6. Sbarro	90	273.3
7. Godfather's Pizza	104	233.5
8. Shakey's	105	225.0
9. Pizza Inns	132	176.0*
10. Chuck E. Cheese	143	155.0**
11. Pizzeria Uno Restaurant & Bar	159	135.4
12. Papa Gino's	165	131.5
13. Mazzio's	179	114.8
14. Mr. Gatti's	181	113.4**
15. ShowBiz Pizza	246	70.4**
16. Hungry Howie's Pizza & Subs	262	62.0
17. Old Spaghetti Factory	263	62.0
18. California Pizza Kitchen	265	61.0*
19. Peter Piper	266	60.3**
20. The Spaghetti Warehouse	288	54.0*
21. LaRosa's Pizzerias	312	46.0
22. Sir Pizza	328	43.2*
23. The Pasta House	345	41.0
24. Mountain Mike's Pizza	349	40.0
25. Bertucci's Brick Oven Pizzeria	365	37.5
26. Lamp Post Pizza	372	36.8
27. Valentino's	374	36.5*
28. Noble Roman's	377	35.8**
29. Pietro's Pizza	386	34.5

LODGING ($11,653.2MM)

Organization	400 rank	Sales $MM
1. Sheraton	17	1,543.5
2. Hyatt Hotels	22	1,167.5**
3. Hilton Hotels	23	1,100.0
4. Marriott Lodging	25	1,083.0
5. Holiday Inn Hotels	32	965.6**
6. Choice Hotels	36	800.0
7. Westin Hotels & Resorts	40	580.0
8. Inter-Continental Hotels	54	499.0
9. Radisson Hotels	59	425.0
10. Ramada Hotels	69	348.0**
11. Days Inns of America	78	312.5**
12. Stouffer Hotels	106	225.0**
13. Red Lion	116	213.0
14. Four Seasons Hotels & Resorts	118	209.0
15. Ritz-Carlton Hotels	119	207.1**
16. Bally Casino Resorts	121	204.0**
17. Embassy Suites	139	165.0
18. Doubletree Hotels	156	137.0**
19. Caesar's World	161	135.0
20. Harrah's Casino Hotels	164	131.6
21. Omni Hotels	171	124.5
22. Circus Circus Enterprises	174	121.3**
23. Golden Nugget Casinos	208	90.4
24. Princess Hotels International	216	84.3**
25. Trusthouse Forte Hotels	236	75.0*
26. The Boyd Group	239	73.2
27. Wyndham Hotels & Resorts	243	72.0
28. Fairmont Hotels	259	64.1
29. Registry Hotel	272	60.0**
30. Adam's Mark Hotels	283	55.0
31. Resorts International	291	52.4
32. Showboat	308	46.8
33. Doral Hotels & Resorts	317	45.0**
34. Opryland Hotels	327	43.5
35. Aztar	336	42.0
36. Sonesta Hotels	347	41.0**
37. Guest Quarters Suite Hotels	362	38.0
38. Prime Motor Inns	369	37.0**
39. Loews Hotels	370	36.9

1991 sales; *company estimate; **R&I estimate; †commercial equivalent; (S) 48% of sales from vending; (U) 72% of sales from vending; (V) 20% of sales from vending

400: SEGMENTS

FAMILY DINING ($8,642.0MM)

Organization	400 rank	Sales $MM
1. Denny's	16	1,591.3
2. Shoney's	24	1,099.0
3. Big Boy	26	1,076.4**
4. Friendly's	48	530.0
5. Perkins Family Restaurants	52	505.0
6. International House of Pancakes	61	413.6
7. Bob Evans Restaurants	64	381.5**
8. Waffle House	77	312.7**
9. Bakers Square	88	279.0
10. Village Inn	96	245.7
11. Cracker Barrel Old Country Store	98	242.6
12. Marie Callender Pie Shops	101	240.8
13. Dobbs Houses	122	200.0*
14. Country Kitchen	129	182.4
15. PoFolks	152	140.0
16. Carrow's	157	136.0**
17. Lyon's Restaurants	170	125.1*
18. Kettle Restaurants	178	116.0
19. Steak 'n Shake	188	106.0
20. Eat'n Park	199	97.0
21. Howard Johnson	211	89.2
22. Huddle House	240	73.0
23. Shari's Restaurants	285	55.0
24. Soup Exchange	294	51.2**
25. Olga's Kitchen	306	49.0**
26. Swensen's Ice Cream	320	44.5**
27. King's Family Restaurants	346	41.0*
28. Skyline Chili	355	39.0
29. Tippin's Restaurant & Pie Pantry	358	38.2
30. Happy Chef	368	37.4*
31. Spire's Restaurants	379	35.4**
32. Souplantation	384	34.7**
33. Elmer's Pancake & Steak House	388	34.3

CHICKEN ($8,412.0MM)

Organization	400 rank	Sales $MM
1. KFC	3	6,200.0
2. Popeyes Famous Fried Chicken & Biscuits	45	540.2
3. Church's Chicken	51	506.6
4. Chick-fil-A	73	324.6
5. El Pollo Loco	127	185.9
6. Grandy's	133	175.9
7. Lee's Famous Recipe Chicken	148	143.8
8. Bojangles' Chicken & Biscuits	168	128.0
9. Brown's Chicken & Pasta	204	94.0
10. Mrs. Winner's Chicken & Biscuits	241	73.0*
11. Pudgie's Famous Chicken	350	40.0

SWEETS ($6,188.9MM)

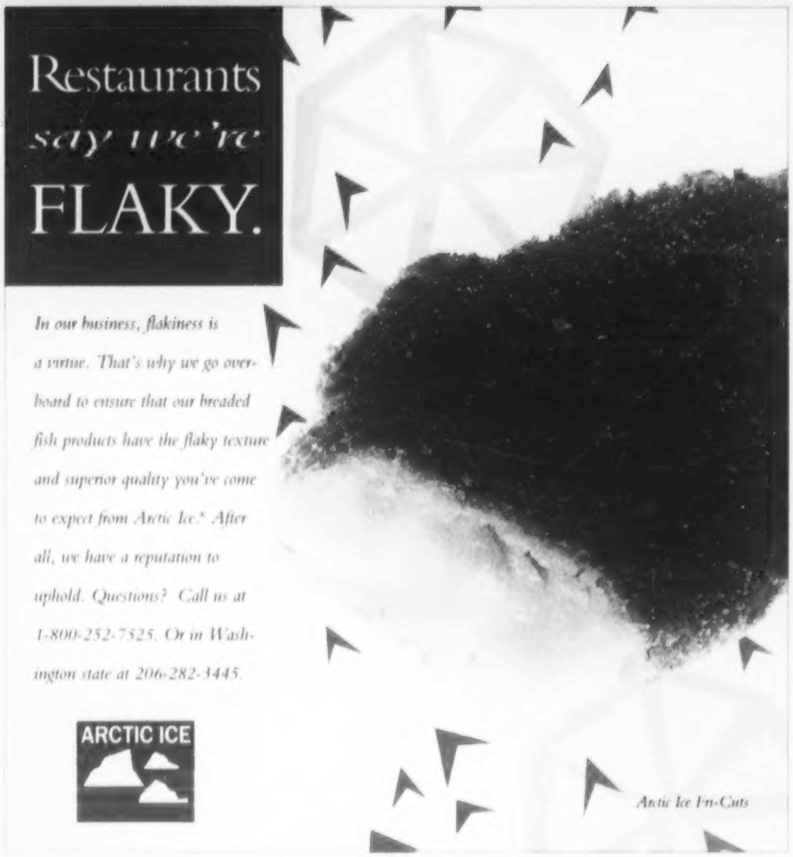
Organization	400 rank	Sales $MM
1. Dairy Queen	11	2,352.4**
2. Dunkin' Donuts	29	990.8**
3. Baskin-Robbins	34	829.7
4. TCBY	74	321.0
5. Braum's Ice Cream & Dairy Stores	134	175.3**
6. Mrs. Fields	144	155.0**
7. Carvel Ice Cream Bakery	151	140.0
8. Haagen-Dazs	162	135.0
9. Tastee-Freez	166	130.0
10. Mister Donut	187	107.1**
11. Daylight Donut Shops	189	105.4
12. Fosters Freeze	201	95.4
13. I Can't Believe It's Yogurt	209	90.0
14. Winchell's Donut House	214	85.0
15. Orange Julius	222	82.0**
16. The Original Cookie Co.	264	62.0
17. Cinnabon World Famous Cinnamon Rolls	267	60.0
18. Great American Chocolate Chip Cookie Co.	271	60.0**
19. David's Cookies	299	50.2**
20. Everything Yogurt & Salad Cafés	311	46.0
21. Bresler's Ice Cream & Yogurt	322	44.0
22. T.J. Cinnamons Bakery	363	38.0
23. Freshens Premium Yogurt	385	34.6*

DINNER HOUSES ($5,167.7MM)

Organization	400 rank	Sales $MM
1. T.G.I. Friday's	42	570.0
2. Chili's Grill & Bar	46	531.9*
3. Bennigan's	56	463.0**
4. Applebee's Neighborhood Grill & Bar	83	289.6
5. The Ground Round	84	288.6
6. Ruby Tuesday	99	241.5*
7. Houlihan's	124	198.2
8. Red Robin	135	173.2
9. Hard Rock Cafe	141	157.8**
10. Chart House	145	150.0
11. Specialty Restaurants	150	141.0

1991 sales; *company estimate; **R&I estimate; †commercial equivalent

continued on page 55


Restaurants *say we're* FLAKY.

In our business, flakiness is a virtue. That's why we go overboard to ensure that our breaded fish products have the flaky texture and superior quality you've come to expect from Arctic Ice.® After all, we have a reputation to uphold. Questions? Call us at 1-800-252-7525. Or in Washington state at 206-282-3445.

ARCTIC ICE

Arctic Ice Fri-Cuts

For information circle **22**

DINNER HOUSES (continued)

Organization	400 rank	Sales $MM
12. J.B.'s Restaurants	169	127.3
13. Black-eyed Pea	177	117.7**
14. Houston's Restaurants	191	102.9
15. Hooters Restaurants	194	100.0
16. Lettuce Entertain You Enterprises	200	95.5
17. Trans/Pacific Restaurants	212	88.2
18. Benihana	213	88.0
19. Bill Knapp's	228	76.8**
20. Darryl's	230	76.5
21. Brown Derby	231	76.1**
22. Restaurants Unlimited	250	69.9
23. O'Charley's Restaurant & Lounge	275	57.5
24. Trader Vic's	276	57.5
25. RA Theme Restaurants	279	56.5
26. Ark Restaurants	295	51.1
27. Entertainment One	301	50.0*
28. Levy Restaurants	314	45.5
29. Peasant Restaurants	316	45.0
30. Bombay Bicycle Club	318	44.8
31. Magic Pan	325	43.6**
32. Spectrum Restaurants	333	43.0**
33. The New York Restaurant Group	339	42.0*
34. Charlie Brown's	340	41.8
35. Bobby McGee's	342	41.0
36. The Cooker Bar & Grille	353	39.5
37. Palm Restaurants	357	38.5
38. Claim Jumper Restaurants	359	38.1
39. TS Restaurants	367	37.5
40. Creative Restaurant Management	376	36.0**
41. Shells Restaurants	382	35.1
42. Stouffer Specialty Restaurants	389	34.0**
43. Schwartz Brothers Restaurants	395	33.0
44. Cheesecake Factory	398	33.0**

STEAKHOUSES/ BARBECUE ($5,149.3MM)

1. Sizzler	30	983.6*
2. Ponderosa	37	744.1**
3. Golden Corral	58	449.0
4. Western Sizzlin'	62	400.0
5. Bonanza	63	389.2**
6. Ryan's Family Steak Houses	68	355.1
7. Quincy's Family Steakhouses	86	283.3
8. Stuart Anderson's Restaurants	92	258.0**
9. Tony Roma's—A Place for Ribs	100	241.0
10. Steak & Ale	114	215.0**
11. Western Steer Family Steakhouses	173	121.4
12. Outback Steakhouse	206	91.0
13. Sonny's Real Pit Bar-B-Q	221	82.0
14. Damon's	232	75.0
15. Sirloin Stockade Restaurant	245	71.0
16. Ruth's Chris Steak House	251	69.0
17. Mountain Jack's	278	57.3**
18. Hungry Hunter	292	52.1**
19. Bill Miller Barbeque	300	50.0*
20. Longhorn Steaks	330	43.1**
21. Mr. Steak	344	41.0
22. Morton's of Chicago Steakhouses	348	40.6
23. Bobby Rubino's Place for Ribs	366	37.5

MILITARY ($4,966.3MM)

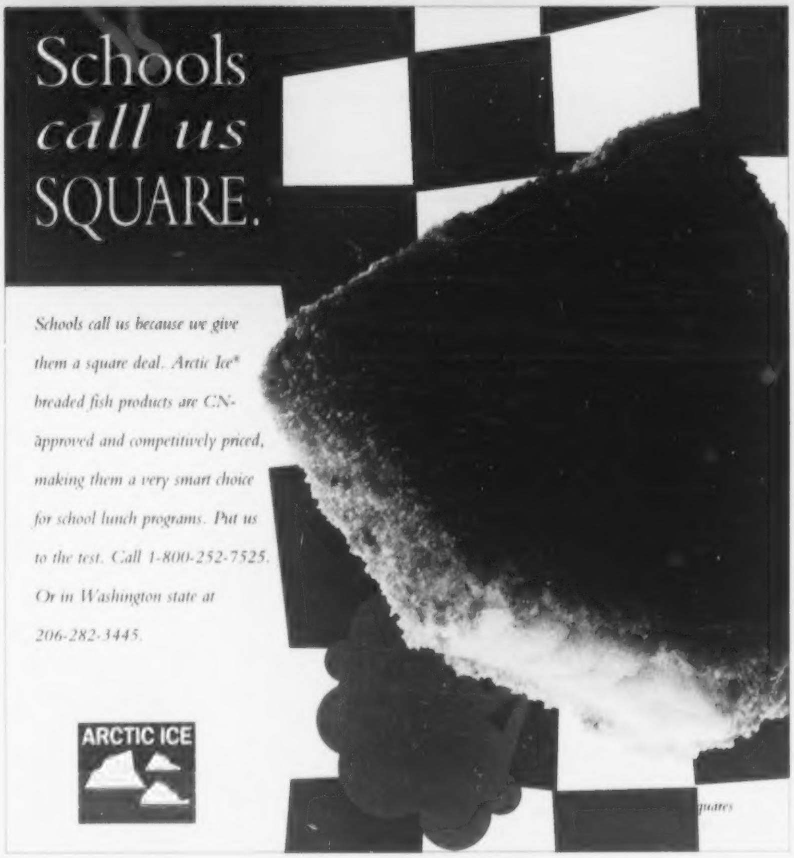
1. U.S. Army Center of Excellence, Subsistence	21	1,400.0†*
2. U.S. Navy Food Service Systems	28	1,045.2†
3. Army & Air Force Exchange Service	41	574.2
4. U.S.A.F. Morale, Welfare, Rec. & Serv. Agency	81	300.7†
5. U.S. Marine Corps	87	280.0†
6. Dept. of Veterans Affairs	91	269.1†
7. U.S. Air Force Clubs Branch	93	252.4
8. U.S. Navy Officer's and Enlisted Club System	107	224.8
9. U.S. Army Community & Family Support	123	198.3
10. Navy Exchange Service Command	136	168.0†
11. U.S.M.C. Morale, Welfare & Rec. Supp.	185	109.0
12. Veterans Canteen Service	270	60.0
13. U.S. Army Medical Dept.	319	44.8†
14. U.S. Coast Guard	352	39.8†**

MEXICAN ($4,748.2MM)

1. Taco Bell	8	2,800.0
2. Chi-Chi's	57	456.3
3. El Torito	65	375.0*

1991 sales; *company estimate; **R&I estimate; †commercial equivalent

continued on page 57



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Schools call us because we give them a square deal. Arctic Ice® breaded fish products are CN-approved and competitively priced, making them a very smart choice for school lunch programs. Put us to the test. Call 1-800-252-7525. Or in Washington state at 206-282-3445.

ARCTIC ICE

For information circle 27

400: SEGMENTS

MEXICAN (continued)

Organization	400 rank	Sales $MM
4. Del Taco	131	177.0**
5. Taco John's	155	137.0*
6. El Chico	183	110.8**
7. Taco Time	196	100.0*
8. Garcia's Mexican Restaurants	203	95.0
9. Acapulco Restaurants	219	82.6
10. Pancho's Mexican Buffet	226	78.1
11. Chevys Mexican Restaurants	247	70.0
12. Taco Bueno	261	63.0*
13. Red Onion	297	51.0*
14. Casa Olé Restaurants & Cantinas	337	42.0
15. Two Pesos Mexican Cafes	356	38.7*
16. Carlos Murphy's	361	38.0
17. Cucos Restaurantes	390	33.7*

SANDWICHES ($4,461.6MM)

Organization	400 rank	Sales $MM
1. Arby's	19	1,450.0
2. Subway	20	1,400.0
3. Roy Rogers	103	236.6**
4. Rax	111	220.8
5. A&W Restaurants	112	217.0
6. Blimpie Subs & Salads	172	122.2
7. Wienerschnitzel	175	119.7
8. D'Angelo Sandwich Shops	215	85.0*
9. Au Bon Pain	224	80.0
10. Nathan's Famous	249	70.0*
11. Togo's Eatery	252	69.0
12. Schlotzsky's	269	60.0
13. A&W Hot Dogs & More	287	54.0*
14. Maid-Rite	302	50.0*
15. Jerry's Subs & Pizza	321	44.3
16. Mr. Hero	331	43.0
17. Miami Subs	354	39.0
18. Bain's Deli	378	35.5
19. Vie de France	391	33.5
20. The Great Steak & Fry Co.	399	32.0

SEAFOOD ($2,955.6MM)

Organization	400 rank	Sales $MM
1. Red Lobster	15	1,600.0**
2. Long John Silver's Seafood Shoppes	43	555.0*
3. Captain D's	60	420.8
4. Skipper's	192	100.5
5. L&N Seafood	244	71.5*
6. C.A. Muer	289	53.0
7. Legal Sea Foods	305	49.0*
8. Arthur Treacher's	360	38.0
9. The Original Seafood Shanty	387	34.4**
10. Rusty Pelican	392	33.4**

TRANSPORTATION ($2,811.2MM)

Organization	400 rank	Sales $MM
1. Caterair International	27	1,049.0
2. United Airlines	44	550.0
3. Dobbs International Services	53	500.0
4. Sky Chefs	55	470.0
5. Trans World Airlines	163	132.5
6. AMTRAK	227	77.7
7. Northwest Airlines	400	32.0**

C-STORES ($2,535.3MM)

Organization	400 rank	Sales $MM
1. 7-Eleven	13	1,996.9**
2. Circle K	115	213.3**
3. Wawa	154	139.9
4. Casey's General Store	184	110.2*
5. Emro Marketing	233	75.0*

CAFETERIAS ($1,756.2MM)

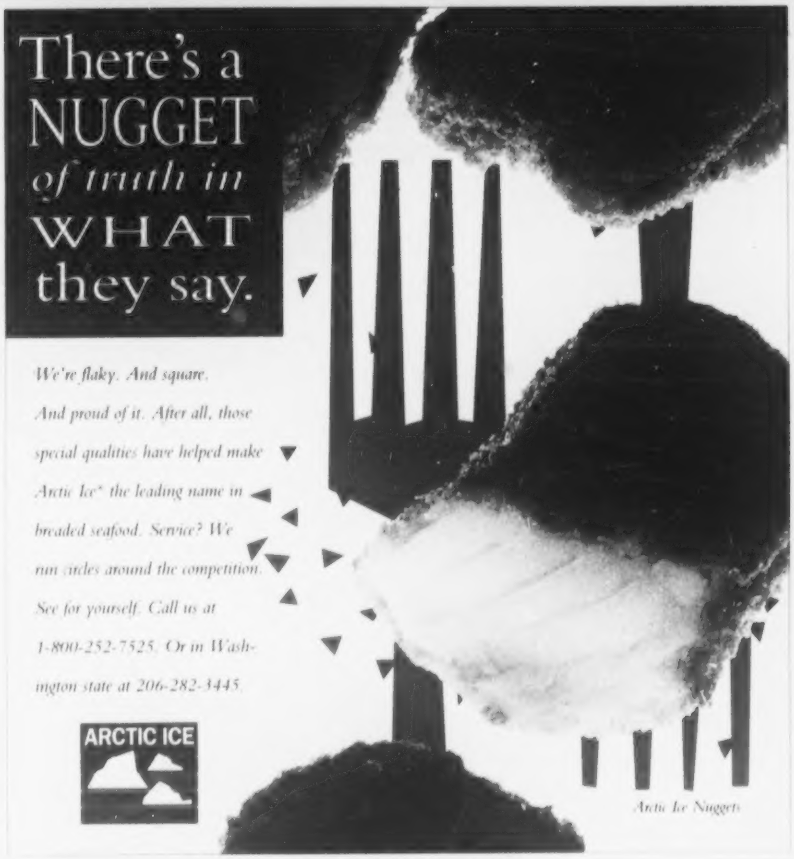
Organization	400 rank	Sales $MM
1. Luby's Cafeterias	71	330.4
2. Morrison's Cafeterias	80	306.4*
3. Piccadilly Cafeterias	89	275.0*
4. Furr's Cafeterias	113	216.0**
5. Old Country Buffet	120	207.0**
6. Wyatt's Cafeterias	137	166.0
7. King's Table Buffets	217	84.2
8. K&W Cafeterias	234	75.0*
9. Homestyle Family Buffet	303	49.4
10. MCL Cafeterias	309	46.8**

HEALTH CARE ($1,616.7MM)

Organization	400 rank	Sales $MM
1. United Health	94	252.0†
2. Beverly Enterprises	102	239.5†**
3. National Medical Enterprises	109	224.0†**
4. Daughters of Charity Health Systems	146	146.4†*
5. Hospital Corp. of America	149	142.8†**
6. Humana	182	112.0†
7. Health Trust	229	76.7†**
8. Manor Health Care	237	73.8†*

1991 sales; *company estimate; **R&I estimate; †commercial equivalent

continued on page 60



There's a NUGGET of truth in WHAT they say.

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ARCTIC ICE

Arctic Ice Nuggets

For information circle **29**

R&I 400: SEGMENTS

HEALTH CARE (continued)

Organization	400 rank	Sales $MM
9. New York City Health & Hospitals	257	64.8†**
10. Evangelical Lutheran Good Samaritan Society	277	57.5†**
11. Life Care Center	304	49.1**
12. Health Care & Retirement Corp.	307	48.4†
13. Texas Health Enterprises	315	45.5†**
14. American Medical International	335	42.2†**
15. National Healthcorp	338	42.0†

INSTITUTIONS ($1,489.5MM)

Organization	400 rank	Sales $MM
1. California Dept. of Corrections	85	288.4†
2. Federal Bureau of Prisons	142	155.1†
3. Florida Dept. of Corrections	176	119.0†
4. New York State Dept. Correctional Services	180	113.7†
5. New Jersey Dept. of Corrections	193	100.3†
6. California Dept. of Rehabilitation	195	100.0†
7. Michigan Dept. of Corrections	223	81.9†
8. New York State Office of Mental Health	242	72.9†
9. Pennsylvania Dept. of Corrections	254	66.4†
10. Texas Dept. of Criminal Justice	255	66.4†*
11. New York State Office of Mental Retardation	274	57.7†
12. Ohio Dept. of Rehabilitation & Correction	282	55.1†**
13. California Dept. of Developmental Services	298	50.4†**
14. Pennsylvania Dept. of Public Welfare	310	46.6†*
15. North Carolina Dept. of Corrections	323	43.9†*
16. New Jersey Dept. of Human Services	375	36.4†*
17. Texas Dept. of Mental Health & Mental Retardation	380	35.3†

EDUCATION ($1,262.6MM)

Organization	400 rank	Sales $MM
1. New York City Board of Education	67	363.9†*
2. Los Angeles Unified School District	97	245.6†*
3. Chicago Public Schools	158	135.8†*
4. Dade County (Fla.) Schools	190	104.6†*
5. Houston Independent School District	260	64.1†*
6. Philadelphia School District	280	56.1†*
7. Hawaii Statewide School System	286	54.6†*
8. Broward County (Fla.) School Board	313	45.7†*
9. Dallas Independent School District	329	43.1†
10. Hillsborough County (Fla.) School Board	332	43.0†*
11. Michigan State University	364	37.8†*
12. Pennsylvania State University	381	35.3†*
13. Detroit Public Schools	397	33.0†*

RECREATION ($1,233.9MM)

Organization	400 rank	Sales $MM
1. Walt Disney World Co.	47	531.0
2. Carnival Cruise Lines	160	135.4†**
3. Royal Caribbean Cruise Line	167	129.4†
4. Busch Entertainment	186	106.0
5. Cineplex Odeon	197	99.2**
6. Six Flags	218	83.0**
7. Holland America Line	258	64.4†
8. Leiserv	326	43.5
9. Universal Studios Florida	351	40.0**

RETAIL ($1,118.3MM)

Organization	400 rank	Sales $MM
1. Wal-Mart Stores	70	331.6**
2. K mart	72	326.0
3. Woolworth	153	140.0
4. Dayton Hudson Department Store Co.	202	95.0
5. Target Stores	225	80.0
6. Nordstrom	253	67.0**
7. McCrory Stores	324	43.7**
8. Flying J Travel Plazas	383	35.0*

1991 sales. *company estimate; **R&I estimate; †commercial equivalent

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For information circle 31

Jack In The Box's Sirloin Steak Sandwich ($2.99) accounted for 15% of sales in test.

Burger Chains Sizzle with Activity

Big players heat up competition with bold promos and menu items.

400

Battling flat to slow-growing sales for the past two years has burger-chain executives more aggressive than ever. And their emphasis has shifted from new menu items to new *service* items. Case in point: McDonald's money-back quality guarantee (the muscle behind its "What You Want Is What You Get" campaign).

Not that burger executives have been ignoring menus: The newest items are a bit more sophisticated (for instance, Jack In The Box's sirloin sandwich and Wendy's entree salads) and carry a higher price as well.

McDONALD'S

1991 sales: $19,928.0MM
400 ranking: 1
Segment ranking: 1

A new satisfaction-or-your-money-back guarantee is key to strengthening McDonald's domestic sales. Aside from the obvious, the "customer care" program includes a promise that drive-thru orders have been double-checked and touches such as free ice cream for kids, drink refills and greeters at the restaurants.

On the menu, pizza and pasta dinners are in test in Tennessee and New York. Baked apple pies, a more healthful supplement to the fried-pie line, are rolling systemwide.

New projects seem to be working for McDonald's this year: It is expanding service of Friendly Sky Meals on United Airlines to all flights from Chicago to Orlando, Fla., and will add 15 more Leaps and Bounds play centers over the next year.

Other news from the Golden Arches: China's second McDonald's opened in Beijing in April. Former chief financial officer Jack Greenberg was named vice chairman, only the second to hold that office in McDonald's history. And the company now advertises on billboards for the first time in its history: The 20,000 McD's billboards reach about 98% of the U.S. population, says Chief Marketing Officer Paul Schrage.

BURGER KING

1991 sales: $6,200.0MM
400 ranking: 2
Segment ranking: 2

These days, Burger King likens itself to a Toyota dealer. It used to have only one model to sell to franchisees; now, kiosks, in-line restaurants in shopping malls and double-drive-thrus offer variety to potential investors.

The Miami-based chain also appeals to franchisees by offering them the freedom to develop their own product lines. "It's not a stretch of the imagination to see a core Burger King menu in the future, with local or regional extensions," says spokesman Michael Evans.

Restaurants in Seattle, for instance, are testing espresso. In Detroit, one store introduced low-calorie turkey, chicken-salad and tuna-salad sandwiches ($1.79 each) called B.K. Healthies.

Meanwhile, the chain is testing "The Lighter Way" menu in 350 locations across the country. With prices ranging from $2.99 for Weight Watchers fettuccine to $1.37 for a side salad, the menu features items that are all under 300 calories.

HARDEE'S

*1991 sales: $3,431.0MM***

Bone-in fried chicken soon will appear on all Hardee's menus.

400 ranking: 5
Segment ranking: 3

After purchasing Roy Rogers, then struggling to convert them to Hardee's (one result of which was the departure of President Bill Prather), Rocky Mount, N.C.-based Hardee's has relented, and will run its 650 Roy Rogers outlets under their original name.

The purchase wasn't a total failure, however: Hardee's plans to roll Roy Rogers-recipe fried chicken systemwide by the end of 1992.

WENDY'S

1991 sales: $3,223.6MM
400 ranking: 5
Segment ranking: 4

With founder Dave Thomas at the wheel, Dublin, Ohio-based Wendy's has driven past the difficulties of the late 1980s and is well along the road to growth, fueled by 5% sales gains in 1991.

The personable Wendy's chairman appears in a promotion called "Vacation Dave." "Vacation Dave" ties into a sweepstakes promotion, "Summer of 99." A 1992 Jeep Cherokee, 99 six-packs of a soft drink, 99 Junior Bacon Cheeseburgers, and a 99-hour Princess cruise, among other prizes with a "99" theme, will be given away. The promotion is linked to the chain's nine-item, 99-cent Value Menu.

Another promo, Dave's Favorites, includes Chicken Cordon Bleu and Dave's Deluxe, a bacon cheeseburger with grilled onions.

Wendy's newest items are Fresh Salads To Go. The five salads are priced from 99 cents to $2.99. Two of the salads, Grilled Chicken and Deluxe Garden, feature a soft breadstick. New products in test include chicken and hamburger specialty sandwiches.

Wendy's expects to add 250 new stores in 1992.

JACK IN THE BOX

1991 sales: $978.0MM
400 ranking: 31
Segment ranking: 5

According to Paul Haack,

continued on page 66

BURGERS
$36.4 billion

32.1% of all
400 commercial sales

TOP TRENDS

- ☐ Value menus here to stay
- ☐ Smaller buildings
- ☐ Nontraditional sites
- ☐ Third-tier foreign markets: Mexico, Asia
- ☐ Business as usual at double-drive-thru chains

NEW MENU ITEMS

- ☐ McDonald's: Baked pies
- ☐ Burger King: Lighter Way low-fat menu items
- ☐ Hardee's: Fried chicken
- ☐ Wendy's: New salads
- ☐ Jack In The Box: Grilled sirloin, chicken-mushroom, pastrami melt sandwiches

ONE GREAT PROMO

Bob, Krystal's "spokeshead," will run for president this year, says Tom Whitley, vice president of marketing. This month, ballots will appear in Krystal stores, so customers may vote for Bob, Bill, George or Ross. The chain will let customers know how the election is going. Whitley predicts a landslide for Bob: "He's got an off-the-wall attitude our customers relate to."

Sonic's reformulated chicken and fish sandwiches are rolling systemwide.

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vice president of marketing communications, the biggest news at Jack In The Box is the public offering by parent Foodmaker this spring.

In addition, four new items have joined the menu board during the past six months. Two of them, a chicken-mushroom sandwich and a pastrami melt sandwich (both $2.99), are industry firsts, Haack says. Toasted ravioli and mini chimichangas ($2.39 for a small order and $3.29 for a large) are new additions to the Finger Foods menu.

Jack In The Box plans to open 60 more restaurants this year, in the United States, Hong Kong and Mexico. Most of the new restaurants will be franchised. The chain also is experimenting with a smaller prototype.

CARL'S JR.

1991 sales: $614.0MM

400 ranking: 39

Segment ranking: 6

This spring, Anaheim, Calif.-based Carl's Jr. opened its first restaurant in Beijing, China. The 634-unit chain is trying to develop more foreign markets, especially in Mexico and Asia. In fact, its largest restaurant is in Monterrey, Mexico, where the seating capacity is more than three times that of a stateside Carl's Jr. restaurant.

In the United States, the company launched an aggressive advertising campaign called "Go For The Food." It features company founder Carl Karcher and a cast of animated characters, including the company's trademark Happy Star.

Sales of the chain's new teriyaki chicken sandwich—chicken breast marinated in a teriyaki sauce and topped with pineapple and tomato—have surpassed all other sandwiches. The sandwich, introduced in November, sells for $2.79.

To meet the demand for more deli-style products, this spring the chain rolled out a turkey club sandwich, with two strips of bacon, sliced turkey breast and alfalfa sprouts on a French roll ($2.99).

SONIC DRIVE-INS

1991 sales: $518.0MM

400 ranking: 49

Segment ranking: 7

Oklahoma City-based Sonic is rolling chicken and fish sandwiches systemwide.

Both sandwiches were introduced some time ago, but ran into problems, says Gary Johnson, vice president of purchasing/distribution. "There was no speced product, so they kind of died on the vine," he says. Sonic took the sandwiches off the menu, reformulated them, found a supplier to make them and returned them to the menu.

These days, the chicken sandwich ($2.49) is in about 90% of the stores and accounts for about 6% of sales. The fish sandwich ($2.29) is in about 80% of the stores and accounts for 3% of sales.

In September, Sonic will run its biannual Brown Bag Special—two burgers, two fries and two soft drinks for $4.49.

Krystal's new Chili Cheese Fries account for 5% of total sales, good for a snack item, company executives say.

KRYSTAL

1991 sales: $211.0MM

400 ranking: 117

Segment ranking: 11

Chattanooga, Tenn.-based Krystal also went public earlier this year. Krystal will use the proceeds to help meet its goal of 500 restaurants (80% franchised) by 1996.

In smaller markets, the Krystal store most likely will be a Krystal Kwik, a limited-menu double-drive-thru. Krystal now has about 30 of the smaller units open, and has a few menu items in test expressly for the Kwiks, though Tom Whitley, vice president of marketing, won't elaborate.

The chain's newest menu item, Corn Pups, is on the menus at both the Kwiks and traditional Krystals. The cornmeal-battered beef hot dogs, served on a stick and priced at 79 cents, debuted in June after racking up 5% of sales in test stores. Another new item, Chili Cheese Fries ($1.29), debuted in April.

In test are a broiled chicken sandwich and more breakfast items (breakfast accounts for 15% of Krystal's sales). The best-seller remains the Krystal: Along with fries and a soft drink, it accounts for 80% of sales, Whitley says.

—Lisa Bertagnoli and Karen Cheney

ARA Regional V.P. Dick Bissinger greets S. Truett Cathy, founder of Chick-fil-A, at Georgia Tech. It's the first college venture for the chicken chain.

Branding Peaks While Wellness, Display Cooking Gain Ground

■ National chain branding, wellness programs and display cooking of such items as pasta and ethnic specialties still are the talk of the contract segment.

But industry rumblings suggest that the chain branding trend might be hitting its peak, at least in those accounts where volume is small and customers return each day.

"A Taco Bell kiosk works well on a huge commuter college campus or a stadium, but it will grow stale in a corporate setting very quickly," says one B&I foodservice director.

Many branding critics argue that if a foodservice management company can't make a better product than the national chain, it shouldn't be in the food business. Also, repercussions from local franchisees who are losing business to these nontraditional units seem inevitable.

> *Except for large accounts, national brand popularity might be short-lived.*

But branding proponents say there's definitely a place for national brands in high-volume, transitional-customer accounts. Branding works, they say, when handled correctly—meaning the contractor continually surveys customers on preferences and monitors sales to ensure that the brand remains a good seller—which, in many, many cases, it is.

Nutrition programs are growing more sophisticated, feeding the customer more nutritiously in a fun and painless way—the guilt is gone. Flik, for example, offers gourmet chutneys and relishes created for its new Season It Light program. Smoking, better knowledge of herbs and seasonings, and less fatty cooking methods such as grilling also improve the flavor of foods.

ARA SERVICES

1991 sales: $2,830.0MM
400 ranking: 7
Segment ranking: 1

Major new accounts for

continued on page 74

CONTRACTORS
$14.2 billion

10.2% of all
400 sales

TOP TRENDS

☐ Branding
☐ Wellness programs
☐ Display cooking
☐ Second-generation ethnics: regional Asian and Italian
☐ Targeting health-care, education and recreation segments
☐ Quality-improvement processes
☐ Improving customer service
☐ Serving more fresh food
☐ Value deals, combo meals
☐ By-the-size instead of by-the-ounce pricing

BEST SELLERS

☐ Ethnic specialties from display cooking stations
☐ Grilled anything, especially chicken
☐ Gourmet sandwiches
☐ Homemade soup
☐ Rich desserts
☐ Value meals, soup and salad, soup and sandwich
☐ Bottled water and juice

Marriott's Chef's Network encourages accounts to swap recipes.

Confetti-stuffed roast pork loin is one of the nutritional Heartland Selections from The Wood Co.

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ARA include the Pennsylvania Convention center in Philadelphia and Oriole Park at Camden Yards, Baltimore, where more than 200 dining clubs, concessions and lounges offer everything from fresh deli sandwiches to barbecue. ARA operates 23 stadium and arena locations across the country.

ARA continues to offer both in-house and national chain brands. Most recently, the company signed a branding venture with Chick-fil-A at Georgia Tech. And multi-unit Express concepts, featuring mini Taco Bell, Pizza Hut and KFC kiosks, are open at General Electric in Cincinnati.

MARRIOTT MANAGEMENT SERVICES

*1991 sales: $2,500.0MM**

400 ranking: 9

Segment ranking: 2

Last year, Marriott sharpened its focus on food with the introduction of themed cuisine. Display and self-serve stations—including Pasta Pronto, Mongolian Wok, Gourmet Salads, Louie Louie Seafood Bar, Taqueria, and Sandwich & Salad—quickly became best sellers in accounts.

A new program, Chef's Network, will keep the company focused on food. The network encourages Marriott chefs across the country to share recipes, techniques, trends, merchandising ideas and other food information.

The hot topic for 1992 and beyond is quality. The total quality management process is in its infancy at Marriott, but the commitment is starting at the top.

Marriott's Host Division has agreed in principle to buy the majority of Dial Corp.'s 436 Dobbs Houses airport concessions this summer.

GARDNER MERCHANT

*1991 sales: $2,158.6MM***

400 ranking: 12

Segment ranking: 3

Rather than operating under three brands names (Trusthouse Forte Food Services, Creative Gourmets and Epoch), all three contract operations became Gardner Merchant in 1991.

While the company's customers still demand nutritional menu choices, they like to reward themselves with decadent desserts—a trend Gardner Merchant obliges with its Signature Series Desserts, introduced in the fall of 1991. The selection includes 19 upscale desserts such as phyllo-wrapped poached pear and Cheddar; Chocolate Bread Panache; Mardi Gras Shortcake made with berries and other fruits, berry sauce and honey yogurt icing; and Apple Harvest baked-apple dessert.

CANTEEN

1991 sales: $1,460.0MM

400 ranking: 18

Segment ranking: 4

In 1992, Canteen plans to target accounts in four segments—health care, schools, colleges and correctional facilities. All of these are less penetrated by contract management than B&I (which suffered in sales last year) and all are considered somewhat less sensitive to economic shifts.

The menu offered more variety in 1991, and will continue to do so. Last year, Canteen introduced a lean hamburger, a grilled chicken sandwich and 12 new varieties of its in-house Pazzelli's Pizza. Seasoned trout, a new yeast roll, a low-

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*Company estimate. **R&I estimate

Guckenheimer will add Indian food to its ethnic offerings this year.

fat steak sandwich and beef fajitas debut this year. Special promotions will offer hot chicken wings, Philly steak sandwiches, and a catfish and hush-puppy feast.

SERVICE AMERICA

*1991 sales: $915.0MM****
400 ranking: 33
Segment ranking: 5

The PizzAmore signature pizza concept rolled out earlier this year, sporting such varieties as Mexican, Hawaiian, Californian (topped with artichokes) the Supreme (pepperoni, green pepper, onion, sausage) and Buffalo Style White with tomatoes (but no tomato sauce).

Service America has taken its branding strategy, selling well-known food manufacturers' products in vending accounts, a step further with BRAVO, a 12-month calendar of special sales promotions. Sweepstakes, premium merchandise offers, retail coupons and instant-win prizes involve more than 100 brand-name products.

MORRISON'S CUSTOM MANAGEMENT

*1991 sales: $618.0MM**
400 ranking: 38
Segment ranking: 6

Morrison's combined the desire for home-style comfort foods and the demand for takeout into its second generation of Fast Takes. Fast Takes II offers such items as a meatloaf sandwich, Reuben bagel, Southwestern chili, mesquite-grilled brisket, Roman steak and Cheddar cheese-steak sandwiches, and a 90% lean beef burger—all packaged to go.

Branding continues to generate great revenue, according to Fred Whitlock, senior vice president of national accounts, a branding proponent. So far, Pizza Hut, I Can't Believe It's Yogurt, Miss Karen's Yogurt, Baskin-Robbins, Dunkin' Donuts and Carl's Jr. are operating in Morrison's accounts. Negotiations with Hardee's, KFC, Taco Bell and Miami Subs are near completion.

THE WOOD CO.

1991 sales: $224.3MM
400 ranking: 108
Segment ranking: 11

Heartland Selections, the menu portion of The Wood Co.'s To Your Health wellness program, is up and running in 95% of its accounts. It is receiving great reviews and generating healthy sales, according to Colette Moore, communications manager.

Such chef-developed selections as traditional lamb stew, spinach fettuccine with endive and bacon or tricolor peppers, broiled salmon with pineapple salsa, and pork tenderloin all contain no more than 350 calories; some are only 150 calories.

Next up in 1992: Bakers Junction, combining the in-house baked goods and takeout trends into one modular unit. Freshly baked muffins, brownies, biscuits and cookies are offered with more selections to come.

GUCKENHEIMER ENTERPRISES

1991 sales: $60.0MM
400 ranking: 268
Segment ranking: 25

Food for Thought, Guckenheimer's wellness program launched in 1991, was well-received, but the panini sandwich and gourmet salad bar concepts continue to be the company's best sellers.

This spring, Asian Adventures, featuring specialty dishes from China, Vietnam, Thailand and Japan, were all the rage. Next up, Indian cuisine—in a program that's yet to be named.

The company's expansion interests are directed at the upscale niche of the retirement-living segment. Guckenheimer is not considering branding with a national chain. The company is considering price-per-size plates over by-the-ounce sales.

—Beth Lorenzini

Guckenheimer's Trattoria panini sandwiches are served hot or cold on focaccia, herbed baguettes and corn rye.

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*Company estimate; ***48% of sales from vending

Pizzeria Uno's Plizzettas, such as eggplant and artichoke and fancy cheese thin crust, enhance perceived value.

Pizza/Italian Shows Strong Growth Curve

Leaders and upstarts add multiple units, new concepts.

400

■ Americans' love for Italian food has yet to cool. Just as independent restaurateurs around the country are opening restaurants to feed that love, so are the nation's big pizza and Italian chains.

Segment leaders such as Pizza Hut and The Olive Garden are adding units at a spirited pace. Pizza Hut is trying to corner the market—its new Fastino's drive-thru concept is a counterpoint to upscale pizza and pasta offerings designed to draw sophisticated diners to "red roof" restaurants. (See sidebar, this feature.) Newcomers such as Bertucci's Brick Oven Pizzeria are wooing patrons with innovative twists.

PIZZA HUT

1991 sales: $5,300.0MM

400 ranking: 4

Segment ranking: 1

Pizza Hut's goal is to be the first choice for every pizza occasion, in the words of Pat Williamson, Pizza Hut executive vice president.

To that end, the No. 1 pizza chain is working to strengthen its position in full-service and delivery, and in nontraditional arenas such as schools, employee cafeterias, and kiosks in airports, c-stores and stadiums.

At the other end of the spectrum, Pizza Hut Cafe, a restaurant in Pizza Hut's headquarters town, Wichita, Kan., is a testing ground for pasta and upscale pizzas.

During the past year at the original concept, executives have concentrated heavily on marketing. The new "Deliver Me" ad campaign featuring singer Aretha Franklin has been "good but not great for us," says Williamson. The chain experienced single-digit growth in delivery with sales topping $1 billion. An additional 300 delivery units will be added to the system during 1992. On the menu front, improvements include a move to put 25% more toppings on the "Lovers" line of pizzas.

DOMINO'S

1991 sales: $2,400.0MM

400 ranking: 10

Segment ranking: 2

Since the beginning of the year, the privately held, Ann

Arbor, Mich.-based chain has taken dramatic steps to revitalize sales and to counterattack Pizza Hut's strong move into delivery.

Company founder and majority owner Tom Monaghan took back the president's post from David Black in December and formed a new executive team. Since then, he has closed 45 underperforming units and might close another 55. Monaghan also closed regional offices in Minneapolis and Columbus, Ohio, saving about $700,000.

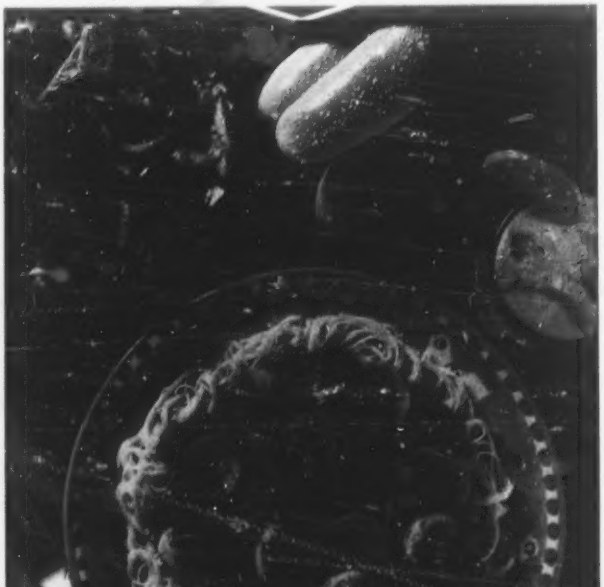
In February, the chain introduced a reformulated pizza that sports a thicker and more flavorful crust, 45% more cheese and 30% more toppings, according to a company spokesperson.

MORE MELTED CHEESE. BIG BETTER TOPPINGS. TENDER TASTIER CRUST.

Domino's new pizza recipe has more cheese and toppings and a "tastier" crust.

And in May, Domino's asked franchisees to test alternative delivery guarantees to the 30-minute promise. The changes could also help curb insurance liability costs. Some franchisees are testing a "total satisfaction" guarantee that gives customers a refund if they are not satisfied with either the product or the service.

Capellini Primavera from The Olive Garden's "Summer in Sicily" menu, available June 1 through Sept. 7.



LITTLE CAESARS

1991 sales: $1,725.0MM

400 ranking: 14

Segment ranking: 3

Detroit-based Little Caesars will add 925 units this year and projects 1992 year-end sales at $2.26 billion. Almost half of the unit growth will come from the chain's joint venture with K mart.

New products that have been rolled out and well-received include pepperoni Crazy Bread and ravioli-shaped candy called "Chocolate Chocolate Ravioli Ravioli." Started as a promotion, the dessert has a chocolate filling and a premium white-chocolate coating.

THE OLIVE GARDEN

*1991 sales: $808.0MM**

400 ranking: 35

Segment ranking: 4

Rapid expansion for this General Mills Restaurants concept will continue with 50 new units in 1992.

The Orlando, Fla.-based chain also concentrates on keeping the menu fresh by holding quarterly "menu events" and by annually improving or changing 30% of the standard menu.

For example, the "Italian Discovery" menu ran from March 2 to April 19. It featured new soup, appetizer, dessert and wine offerings, and four new entrees. Entrees included ravioli stuffed with a blend of diced black olives, herbs and cheeses and covered with a béchamel cream sauce, more black olives and Parmesan cheese.

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*Company estimate

PIZZA/ITALIAN
$12.8 billion

11.3% of all
400 commercial sales

TOP TRENDS

☐ Rapid unit growth

☐ Alternative delivery concepts such as kiosks, takeout- and delivery-only units

☐ Breakfast pizza

☐ Dessert pizzas, in-house bakeries, dessert promotions

COMING UP

☐ Pizza Hut: new fast-food concept, plus kiosks in airports, stadiums and employee cafeterias

☐ Shakey's: Kiosks and pizza and chicken delivery units

☐ Bertucci's: Takeout tests and delivery-only concept in smaller markets

NEW MENU ITEMS

☐ Domino's: Thicker crust, more cheese and toppings

☐ Shakey's: Hawaiian and pesto chicken pizza

☐ Godfather's Pizza: "Super Hawaiian" pizza with ham, pineapple, bacon, green pepper and cheese

☐ Little Caesars in K mart stores: Breakfast pizza (egg, cheese, bacon or sausage pizza on a croissant crust), $1.59

Pizzas get smaller and sport more unusual toppings.

California Pizza Kitchen's newest creation: artichoke, olive and caper pizza.

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Along with daily blackboard specials, new menu items that have proved popular include chicken Florentine. The menu also varies on a regional basis.

PIZZERIA UNO
1991 sales: $135.4MM
400 ranking: 159
Segment ranking: 11

Facing sharp declines in sales and profits, Uno has rolled out a line of new menu items designed to offer customers better value and, at the same time, improve margins. Company executives hope the move will build check averages by 12% to $8.50, and increase food costs only 1.2%.

The West Roxbury, Mass.-based chain has added pasta items, including tortellini and lasagna. In addition, it is offering a flat 9- or 10-inch "Plizzetta," cost-effective because a smaller amount of toppings is required to cover the pie. Uno also is replacing 6- and 7-inch deep-dish pies with 9- and 10-inch pizzas.

To improve dessert sales, Uno operators are placing a booklet at the tables featuring photographs of all dessert items.

CALIFORNIA PIZZA KITCHEN
*1991 sales: $61.0MM**
400 ranking: 265
Segment ranking: 18

PepsiCo has purchased a 50% equity interest in the Los Angeles-based upscale pizza and pasta concept. CPK co-founders Larry Flax and Rick Rosenfield will remain in control of the operations. PepsiCo will obtain two seats on CPK's four-person board of directors.

CPK will open eight units across the United States in 1992. With PepsiCo's financial strength behind it, the company expects to accelerate growth plans in 1993.

Menu innovations for the year include artichoke, olive and caper pizza, and rosemary chicken and potato pizza. New pasta dishes are carbonara and Mediterranean pasta served with spaghetti, penne or angel hair pasta and diced Roma tomatoes, garlic, Mediterranean olives, capers, red wine and fresh Italian herbs.

BERTUCCI'S
1991 sales: $37.5MM
400 ranking: 365
Segment ranking: 25

This hot growth company is working on several business strategies.

Most notably, the Woburn, Mass.-based chain is rolling out delivery and testing a new concept called Bertucci Menucci—a takeout and delivery-only concept for smaller markets. In April, the company added an Express Lunch pizza and salad combo priced between $4.75 and $4.95.

To keep the menu fresh, Bertucci's has hired a chef from Italy to develop more pizza and pasta.

The company also raised $18.5 million through a secondary equity offering earlier this year to fund its 30% new unit growth rate for the next several years.

—Jeff Weinstein

PIZZA PRONTO FROM THE HUT

Pizza Hut has stepped into the fast-food arena with Fastino's—a low-priced Italian concept that opened in March at a shopping center in Wichita, Kan.

The drive-thru/takeout offers three pizzas, lasagna, fettuccine Alfredo, pasta primavera, cheese tortellini and spaghetti.

Pepperoni, pepperoni and beef, and deluxe, five-topping pizzas are sold by the slice. Twelve-inch pizzas sell from $4.59 to $4.99. Two-pizza deals range from $7.99 to $8.99. Side orders include garden salad, garlic bread, Italian ice and cheesecake on a stick.

Pizza Hut says additional Fastino's will open by the end of the third quarter.

Fastino's
BY PIZZA HUT

Instrumental in the Fastino's test are (l. to r.) Director of Marketing Ken Howe, Executive Vice President of Development Pat Williamson and Director of Operations Dave Snyder.

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*Company estimate

Tourism and Occupancy Declines Spur Switch to Casual Concepts

Lower-priced entrees and fixed-price specials lure hotel guests.

400

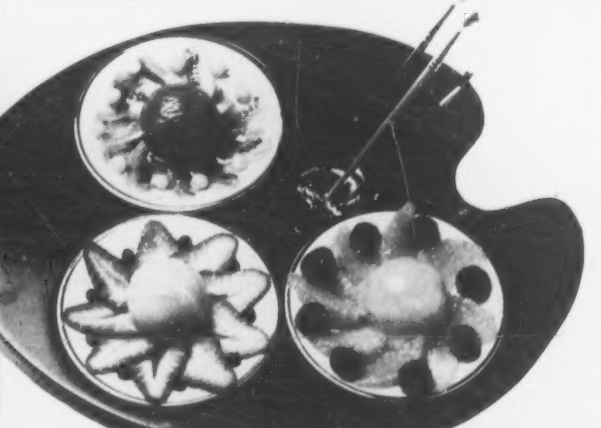
■ Hotel dining sales dipped 5% to 15% in 1991—with luxury chains posting even higher declines. The downturn is directly related to low occupancies brought on by drops in business and leisure travel.

"Any major economic upswing is 18 to 24 months away," predicts Jonathan Tisch, president, Loews Hotels. "Travelers can't be seduced by champagne and caviar when budgets are tailored to chicken and mashed potatoes."

The same mind-set has forced hotels to rethink their fine-dining concepts. "People will forgo captains, sommeliers and fancy crystal for more casual settings and menus, and wider entree choices and price ranges," says Doug Cole, food and beverage director for Sheraton.

The swing is to single, flexible, multipurpose dining rooms serving breakfast, lunch and dinner. Fixed-price menus, food-and-wine pairing specials and lower average checks help maintain sales.

Le Montrachet dessert sampler from the Las Vegas Hilton: an example of dressed-up menu presentations.



SHERATON
1991 sales: $1,543.5MM
400 ranking: 17
Segment ranking: 1

Restaurant sales dipped 5%, but banquet covers were off only about 2% because Sheraton marketed itself aggressively for local functions.

Boston-based Sheraton is cutting the size of its restaurants and changing menus to reflect a wider variety of selections at comfortable prices. Future operations will be more flexible, with both lobby and outside entrances.

Sheraton Manhattan's Bistro 790, for example, is marketed as a separate entity from the hotel, but the menu is the same one used for room service. The Hartford, Conn., Sheraton's 95 Church Street restaurant boasts a mobile buffet in the lounge that doubles as a breakfast and hors d'oeuvres bar. It rolls away to reveal a dance floor.

Menus tout comfort foods: grilled chicken, meatloaf, seafood Cobb salad and Root Chips—deep-fried celery heart, rutabaga and beet slices used for snacks.

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LODGING
$11.7 billion

10.3% of all
400 commercial sales

TOP TRENDS

☐ Converting fine-dining restaurants into casual or multipurpose restaurants
☐ Leasing restaurant space to independent operators
☐ Adding fixed-price menus and specials
☐ Menus emphasizing appetizers as alternative to entrees
☐ Marketing food-and-wine pairing programs
☐ Promoting banquet sales in a buyers' market
☐ Dressing up plate presentations
☐ Merchandising brand-name wines and alcoholic beverages

WHAT'S NEW

☐ Sheraton: Root Chips (snacks of deep-fried celery heart, rutabaga and beet slices)
☐ Hyatt Hotels: Cuisine Naturelle (low-calorie, low-cholesterol, low-fat menu)
☐ Radisson Hotels: Inspired Cuisine (gourmet health and nutrition menu)
☐ Ritz-Carlton Hotels: Fixed-price breakfasts

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Hotels court local business to compensate for lower occupancy rates.

HYATT HOTELS

*1991 sales: $1,167.5MM***
400 ranking: 22
Segment ranking: 2

Hyatt Hotels, Chicago, reports that covers fell 10% to 12% in 1991. Banquets—60% of food sales—were off 4.2%.

In January, the company launched Cuisine Naturelle, a low-calorie, low-cholesterol, low-fat menu. Its fish, chicken and pasta entrees average $12 to $15. The program, already available through room service, has been earmarked for children's, employee and banquet menus as well.

Wine lists have been halved, and retail mark-ups cut from three to two-and-a-half times the wholesale price in an effort to downplay wine snobbery. As a result, sales have increased 4% to 5%.

Hyatt's new concepts include Chow Bella, with an Italian-Oriental menu; Taxi's, an American bistro; and Spike's, a sports bar.

HILTON HOTELS

1991 sales: $1,100.0MM
400 ranking: 23
Segment ranking: 3

Hilton's hotels are converting fine-dining units into casual or multipurpose eateries. For example, Buckingham's, a white-tablecloth restaurant in the Chicago Hilton, used to do 60 or 70 nightly covers. Now, as a steakhouse, it can do 300.

Banquets, 50% of food and beverage sales, dropped 3%-4%. Room-service covers continue to surge (up 20% since 1988) because of improved service, food quality and menu variety, says the company.

Menus for the Beverly Hills, Calif.-based chain salute American regional and ethnic cuisines. Coffee shops feature tacos, sushi and pasta. Restaurants offer Italian, Caribbean and Pacific Rim dishes. Beef remains a favorite, followed by fish and pasta.

Lunch buffets, marketed to meeting groups and locals pressed for time, provide value and offer variety. Dinner menus feature heavy appetizer listings for the growing number of light eaters.

HOLIDAY INN HOTELS

*1991 sales: $965.6MM***
400 ranking: 32
Segment ranking: 5

Holiday Inn, Atlanta, is emphasizing value-oriented service to break down consumer perception of hotel pricing as high. All-inclusive breakfasts, special dinner entrees and free kids' meals are guest incentives.

The company has streamlined menus, tailoring them to local markets and shifting to more regional, health- and quality-oriented fare. It also has sharpened presentations. Salads and pasta combos are part of heart-smart, weight-conscious entrees marketed to corporate clientele.

Catering divisions target wedding and reunion markets with special room rates and perks such as complimentary champagne.

Wine sales are up 22%, which the company credits mostly to food-wine pairings and specific varietal and wine-by-the-glass promotions.

RADISSON HOTELS

1991 sales: $425.0MM
400 ranking: 59
Segment ranking: 9

Radisson attributes positive

Red Lion's new seasonal menu program—supported by systemwide marketing—features a mixed grill of chicken, ribs, sirloin and shish kebab for summer.

**R&I estimate

Sheraton restaurants' casual decor, as at this Walt Disney World Dolphin operation, reflects guest preferences.

Buyers call the shots in a soft banquet and convention market.

1991 results—occupancy rates up 3.8% in the United States and 3% worldwide—to strategically planned marketing efforts.

The Minneapolis-based company took a risk and advertised heavily during the Gulf War when other chains pulled back. The dividends paid off.

Foodservice sales jumped about 7%, and catering was up 13%. Radisson credits its "Big Name, Small Meetings," marketing campaign, which offered preferred customers extra services at no charge. The perks encouraged groups to book additional meetings.

Menu priorities are health, nutrition and *sous-vide*. "Inspired Cuisine," a gourmet health and nutrition menu developed with The Culinary Institute of America, Hyde Park, N.Y., was launched in February. *Sous-vide* entrees, vegetables and soups, tested in six properties from March through September 1991, will gradually be incorporated into other markets as owner needs and customer profiles dictate.

RED LION INNS

1991 sales: $213.0MM
400 ranking: 116
Segment ranking: 13

Vancouver, Wash.-based Red Lion Inns wants to recapture in-house customer business, an eroding base for several years. A systemwide marketing program, complete with fliers, table tents and seasonal menus, is under way.

Catering accounts for 45% to 50% of total hotel revenue, and up to 60% of F&B sales at some facilities. The company is taking an even more aggressive approach to its banquet program, zeroing in on local markets and supporting sales efforts with more competitive pricing.

Customers' desire for more casual, less expensive dining, confirmed by higher coffee-shop sales, will be tested in lounges. The chain is testing lighter menus of sandwiches, burgers, pizza, burritos and other hand-held foods in Vancouver. It will expand the test to three or four other properties this year.

FOUR SEASONS HOTELS & RESORTS

1991 sales: $209.0MM
400 ranking: 118
Segment ranking: 14

Food and beverage sales slipped 5% to 10% for Four Seasons Hotels & Resorts, Toronto. Hotel guest counts were down, but local restaurant business thwarted further decreases. Catering, which softened or fell off in most parts of the United States, jumped 10% in Texas.

The company hasn't raised menu prices across the board since September 1991. Eliminating high-end entrees reduced average checks by $10—for example, the linguine with lobster ($24) became seafood linguine ($17).

RITZ-CARLTON HOTELS

*1991 sales: $207.1MM***
400 ranking: 119
Segment ranking: 15

Atlanta-based Ritz-Carlton opened six properties in 1991. Four more are scheduled for completion this year, including a Barcelona, Spain, location due in time for the summer Olympics.

Fine dining remains Ritz-Carlton's mainstay, and the luxury chain's two- and three-star *Michelin Guide* chefs have helped restaurants maintain revenue levels. Fixed-price seven-course meals, ranging from $30 to $70 depending on location, can account for as much as 40% of sales. But Four Seasons operations in general are leaning toward lighter food preparation. The company is eyeing upscale grills for sites chiefly in the Midwest. Also, fixed-price breakfast menus have begun attracting value-oriented customers.

LOEWS HOTELS

1991 sales: $36.9MM
400 ranking: 370
Segment ranking: 39

Business overall was down 10% to 15% for New York-based Loews. Coronado Bay Resort, San Diego, debuted in October 1991, but no new hotels are planned. Instead, Loews will purchase and refurbish existing properties.

All-purpose restaurants will replace fine-dining operations as the chain buys and rebuilds. First in line: Loews Vanderbilt in Nashville, Tenn., which is in the midst of a $4 million face lift.

—Barbara Magan Dawson

**R&I estimate

Shoney's soup and salad bar offers the best in "light" and healthful items.

Cater to Kids, Please Parents

Family-dining chains have fine-tuned their "parent appeal" by pitching good value and maintaining harmony with children.

Chains such as Denny's, Big Boy, IHOP and Country Kitchen put emphasis on pleasing youngsters with toys, activity books and special children's menus. After all, when kids are happy, so are parents.

Getting good value is a top concern for parents, too, especially in a tight economy. Denny's, the top family-dining chain, debuted a new value menu; other chains have held down prices of regular items and introduced more value-priced specials.

The development of new "light" items, most notably stir-fries and chicken sandwiches, also reflects customers' nutrition concerns.

> *Family-dining chains keep kids happy with games and giveaways.*

DENNY'S

1991 sales: $1,591.3MM
400 rank: 16
Segment rank: 1

After serving more than 3.5 million people a free birthday meal in 1991, Denny's rolled out a separate birthday menu this year. Since each guest brings in an average of 1.2 to 1.4 paying customers, the Spartanburg, S.C.-based chain hopes that the new menu will establish Denny's as the place to celebrate birthdays.

Denny's also introduced a "Base Hit" value menu that offers items ranging from $1.99 to $4.99. "We feel that it was an answer to customers looking for a value-priced family meal," says Jenifer Harmon, national advertising director.

One of the chain's most successful promotions in 1991, says Harmon, was its hologram baseball card collection. The cards were such a hit that the chain began giving them away again in May with the purchase of a soft drink and any signature Grand Slam entree.

"We've also tried to introduce lighter products this year," says Harmon. For instance, the chain rolled out a Stir Fry Slam (vegetable and chicken or steak), and an All Star Kabob with one skewer of teriyaki steak and another of Caribbean

continued on page 96

FAMILY DINING
$8.6 billion

7.6% of all
400 commercial sales

TOP TRENDS

- ☐ More children's menus and games
- ☐ Expanded "light" offerings
- ☐ Value-priced specials
- ☐ Seasonal menus
- ☐ Takeout bakeries

BEST SELLERS

- ☐ **Denny's: all Grand Slam entrees**
- ☐ **Friendly's: Watermelon Roll made with sherbet and chocolate chips**
- ☐ **IHOP: Rooty Tooty Fresh 'N' Fruity breakfast combination**
- ☐ **Big Boy: The Hamburger Classic**
- ☐ **Bob Evans: The Daily Dinner special**

BEST PROMOS

- ☐ **IHOP: "Pick-A-Pair-Of-Pancakes"**
- ☐ **Shoney's: Stir-fry lunch and dinner special ($4.99)**
- ☐ **Bob Evans: "Celebrate the Fresh Taste of Summer"**
- ☐ **Denny's: Hologram baseball card giveaway**

Baby boomers demand value-priced meals that meet family budgets.

continued from page 93

chicken served with rice ($7).

SHONEY'S

1991 sales: $1,099.0MM
400 rank: 24
Segment rank: 2

Shoney's went stir-crazy this spring with a new $4.99 stir-fry lunch and dinner promotion. "We're trying to listen more to what our customers want, and stir-fry is a hot item," says John Gaylor, advertising manager.

Through July 25, the chain is promoting ham and cheese, Reuben, and chicken-salad croissant sandwiches ($3.99). Later this summer, Shoney's will introduce a "burger basket," with chips or fries, a pickle spear and a burger in an environmentally friendly washable wicker basket ($3.99).

The Nashville, Tenn.-based chain, which reported record earnings for first-quarter 1992, is looking into developing more takeout foods, says Gaylor. Already, 100 restaurants have opened pie shops, where customers can choose either slices ($1.59 to $1.99) or whole pies ($5.99 to $8.99).

BIG BOY

*1991 sales: $1,076.4MM***
400 rank: 26
Segment rank: 3

Warren, Mich.-based Big Boy added one entree, Chicken Wisconsin (broiled chicken breast topped with Cheddar cheese and broccoli, $5.99) to its regular menu.

Big Boy continues to focus on low-fat, low-calorie menu fare. Now in its seventh year, the chain's Health Smart menu has become a signature for the chain. "It's not just a short section; it's an entire page," says Tony Michaels, vice president of marketing. Many local hospitals have participated in evaluating the menu, which also provides a nutritional breakdown of each entree.

But the chain attributes its 9% increase in sales this year to a promotion of its signature Big Boy burger served with coleslaw and fries for $2.99, says Michaels.

In addition, the "Food & Fun Meal" bolstered sales of children's meals by 30%, says Michaels. The chain introduced two specials—a meal served in a sand pail and a "time capsule" theme that teaches children about other eras.

FRIENDLY'S

1991 sales: $530.0MM
400 rank: 48
Segment rank: 4

Striving to enhance its family appeal, Friendly's has upgraded its burger line and added a skinless, boneless chicken breast sandwich for $5. "We wanted to position ourselves as a family restaurant, not just an ice cream restaurant," says Michael Kelly, vice president of marketing.

The Wilbraham, Mass.-based chain also is introducing more "light" items. In August, it will debut a new line of pita sandwiches filled with shrimp, chicken or turkey, priced at about $5.

Customers seem to believe that those low-calorie entrees will make up for dessert, says Kelly, who adds that ice cream consumption

Sales of children's meals soared with the debut of Big Boy's "Food & Fun Meals." Kids explore new worlds, find their way through mazes and enjoy take-home gifts.

FLYING ACE
EXPLORER
BLAST OFF!
WHIZBANG WANDERERS
EXPLORER
KIDS EAT FREE
High-tail it to Big Boy for breakfast, lunch, & dinner.
The GREAT CHOCOLATE STORM!
FANTABULOUS FACTS
COUPONS
Free Kids Meal
Free Dinner Entree
Free Chocolate Anything
CONNECT THE DOTS
NAVIGATE YOUR WAY!
COLOR ME!
BRAIN STORMER

**R&I estimate

Bob Evans greets summer with a new menu filled with fruit and "light" items.

is especially high in the Northeast.

INTERNATIONAL HOUSE OF PANCAKES

1991 sales: $413.6MM
400 rank: 61
Segment rank: 6

With sleek new exteriors and bright, peach-colored interiors, IHOP's remodeled restaurants are sure to attract more customers. Last year, the Glendale, Calif.-based chain redesigned 96 locations, expanding the seating capacity from typically 80 to as much as 160.

IHOP's public offering last July helped the chain reduce debt and add 23 restaurants in 1991. The chain plans to open 30 more restaurants this year.

The chain's "Pick-A-Pair-Of-Pancakes" promotion might be a tongue-twister, but it's also a palate-pleaser. For $2.99 to $3.49, it features any two specialty pancakes, two strips of bacon and two eggs.

Children keep busy with "Pancake Kids," a series of four plastic characters such as Betty Buttermilk and Peter Potato. "With the growth in baby boomers, we recognized the need to give their children things that have play value," says Steve Pettise, vice president of marketing.

Country Kitchen and other family-dining chains stir up menus with new stir-fry combinations.

BOB EVANS

*1991 sales: $381.5MM***
400 rank: 64
Segment rank: 7

Bob Evans rolled out a new summer menu with "light" items such as a fresh-fruit bowl that consists of half a cantaloupe filled with fresh bananas, pineapple chunks, strawberries and grapes ($4.95).

The chain also debuted a new skillet breakfast line, featuring a scrambled egg "shell." The Fiesta Skillet Breakfast, for instance, is an egg "shell" filled with sausage, diced potatoes, green and red peppers, onions and mild picante sauce ($4.75).

Dinner business was up 12% in the third quarter due to the Columbus, Ohio-based chain's Daily Dinner special, says spokeswoman Tammy Roberts. The special offers items that aren't on the regular menu such as turkey and dressing or chicken pot pie ($5.25 to $5.75).

COUNTRY KITCHEN

1991 sales: $182.4MM
400 rank: 129
Segment rank: 14

Instead of a guardian angel, Country Kitchen seems to have a guardian grandma. However shrewd the Minneapolis-based chain's menu and marketing moves, they are based on old-fashioned virtues grandmothers hold dear: frugality and making little ones feel at home.

In describing the company's programs to reduce labor and simplify operations, Jon Ostrov, vice president of marketing, talks about ingredients. "A new ingredient is not an orphan. It has multiple uses." For example, Country Kitchen's chicken strips and beef strips appeared in the summer of 1991 as beef and chicken fajita salads. Those same two products appeared in the fall with a new flavor profile: Teriyaki glaze, Oriental vegetables and rice transformed them into chicken and beef stir-fries. The two dishes now account for 5% of total sales, Ostrov says.

Country Kitchen now is looking at the chicken and beef strip products for possible use in premium skillet breakfasts and sandwiches, and in full fajitas (not just fajita salads).

Country Kitchen also plans to attract families with children by making the restaurant child friendly: providing new, attractive high chairs; setting the table for children (sans knife and fork); providing food, toy or other distraction immediately; and equipping restaurant with take-home, sealed-lid plastic cups with flexible straws in six fluorescent colors. These amenities will be backed up by a server-training program that starts with a "10 Commandments of Kids" poster, a child-based menu promotion in the summer of 1993, and a genuine menu for kids—"not just adult food scaled down in portion."

What's good for kids will be good for grown-ups, too, says Ostrov. They'll appreciate the menu additions of a quality steak and entree salads, "real" china and flatware, and adult beverages in a wholesome family atmosphere. **—K.C.**

**R&I estimate

Chicken Chains Leave the Skin off Menu Additions

Chicken chains' new skin-free and broiled entrees address demands for more healthful fare. At the same time, new nonchicken menu items diversify their selections. Nontraditional methods of distribution such as free-standing units and drive-thru-only units will help chains reach more customers.

KFC
1991 sales: $6,200.0MM
400 ranking: 3
Segment ranking: 1

Louisville, Ky.-based KFC, the perennial leader of the 400 fast-food chicken segment, had double-digit sales growth in 1991—primarily because of new units and fewer price promotions.

Skin-free chicken and nonchicken items join the menus at chicken chains.

The batch of new units includes seven non-traditional locations, such as a countertop merchandiser in a San Diego State University cafeteria; another is a kiosk at the Louisville Zoo. The units have been successful and the chain plans to install more soon.

New products introduced in 1991 include Skinfree Crispy chicken and Honey BBQ Wings. In 1992, Honey BBQ Chicken, Oriental Wings, chocolate chunk cookies and pie slices were rolled out.

POPEYES FAMOUS FRIED CHICKEN
1991 sales: $540.2MM
400 ranking: 45
Segment ranking: 2

After a protracted battle for the chain he began, Popeyes founder Al Copeland will be out of the picture this summer. A group led by former Arby's executive Frank Belatti will step in to manage Popeyes and its sister concept, Church's.

CHURCH'S CHICKEN
1991 sales: $506.6MM
400 ranking: 51
Segment ranking: 3

Church's Chicken, Jefferson, La., lost about $7 million in annual sales from 1990 to 1991 and closed 39 units. In the same year it opened 27.

This year, the chain is emphasizing value-priced combination deals to raise sales. It is increasing the number of marketing events and is shortening the event periods

continued on page 106

Lee's Famous Recipe's Country Lite Skinless chicken is one of many "healthful" chicken-segment menu additions.

CHICKEN
$8.4 billion

7.4% of all
400 commercial sales

TOP TRENDS

☐ Skinless chicken: Chick-fil-A, Pudgie's, KFC, Lee's

☐ Nonchicken menu additions: Pudgie's (seafood and ribs), Brown's (pasta and sandwiches), El Pollo Loco (steak fajita tacos and burritos)

☐ Nontraditional stores: KFC kiosks, Lee's Truckstops of America restaurant, free-standing Chick-fil-As

BEST PROMOS

☐ Church's 40th Anniversary Celebration: Month-long sweepstakes promotion during May giving away over $40,000 in cash prizes and 10 trips for two anywhere in the continental United States

☐ Church's year-long promo with Coca-Cola to benefit the United Negro College Fund and the Hispanic Association of Colleges & Universities: 1% of sales of large drinks will go to the organizations; Coke USA will match up to $100,000

El Pollo Loco feels the effects of more skinless chicken from competitors.

continued from page 101

to four weeks each.

Church's also is testing lower drink prices in the New Orleans market: small, 49 cents; regular, 59 cents; and large, 79 cents.

CHICK-FIL-A
1991 sales: $324.6MM
400 ranking: 73
Segment ranking: 4

With 25 units to be opened this year, Atlanta-based Chick-fil-A plans to continue growing. Eleven will be free-standing units, offering quick drive-thru service; a fresh, fast breakfast menu; and longer hours.

Added to the menu in March 1992 were Grilled 'n Lites—two marinated and chargrilled chicken breast tenderloins on a skewer. Chick-fil-A claims they are the lowest in fat and calories of any fast-food chicken entree in the industry.

EL POLLO LOCO
1991 sales: $185.9MM
400 ranking: 127
Segment ranking: 5

Irvine, Calif.-based El Pollo Loco repositioned itself within the market in 1991 when it saw the concept did not perform as well outside its core California market. The result: the closing of 55 units, mostly franchised.

The 16 new units that opened and the nine that are slated to open this year will feature some of the chain's new menu items, for example, steak fajita tacos and burritos. The skirt steak used in both is marinated and flame-broiled—the same treatment El Pollo Loco gives its chicken.

LEE'S FAMOUS RECIPE CHICKEN
1991 sales: $143.8MM
400 ranking: 148
Segment ranking: 7

Lee's Famous Recipe, Nashville, Tenn., targeted the health-conscious consumer with one new product in 1991: Country Lite Skinless chicken. It also reformulated its gravy and breading. Quite a few products are in test for 1992, though the company won't give details.

In October 1991, Lee's began aggressively marketing its catering function as a catering consulting service. To enhance its catering image, Lee's purchased mini-vans to be driven by selected area supervisors specifically for catering jobs.

In the same month, Lee's opened its first restaurant in a Truckstops of America unit (the largest truck stop chain in America).

Sales were down $1.2 million from 1990; nine units were opened and 12 closed. In 1992, Lee's plans on adding 13 units.

El Pollo Loco, Irvine, Calif., introduced skirt steak fajita tacos and burritos this year.

PUDGIE'S FAMOUS CHICKEN
1991 sales: $40.0MM
400 ranking: 350
Segment ranking: 11

Ranking 11th in the chicken segment is a victory for Pudgie's Famous Chicken: This is the Woodbury, N.Y.-based chain's first 400 appearance. The 11-year-old chain is one of the first to center its menu on skin-free, marinated, roasted chicken.

Now Pudgie's is a chain on the move, having opened 60 units in 1991 and with plans to open 70 more in 1992. It is negotiating with a large Japanese corporation for franchise rights to Japan.

In addition to skinless fried and marinated, then roasted chicken, Pudgie's menu offers ribs and seafood. It is testing an all-white-meat chicken salad on all menus. The salad is served as a side dish, on a roll as a sandwich and on a bed of lettuce as an entree. It also is testing English-style fish and chips and canola oil for cooking. In 1991, Pudgie's rolled out biscuits; in 1992, the chain will debut popcorn shrimp.

Most Pudgie's stores are takeout/delivery units, but the chain is testing a double-drive-thru/carryout concept. **—Brenda McCarthy**

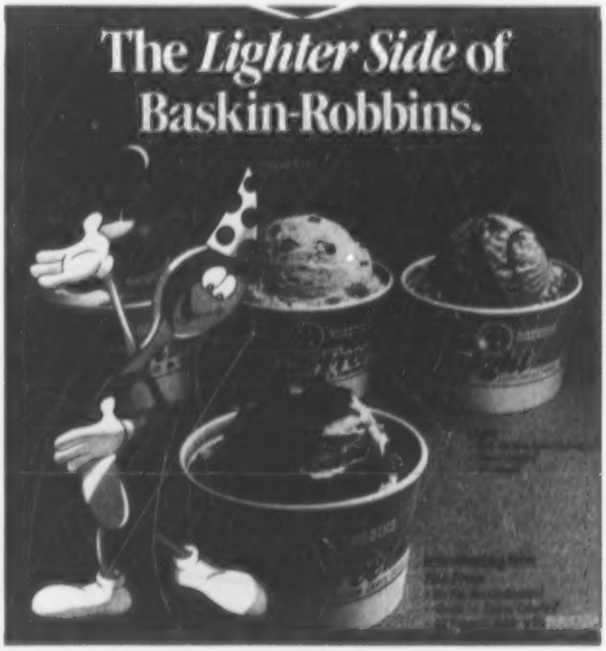
Not by Yogurt Alone

■ Sweets chains' signature items—cookies, frozen yogurt and the like—just don't take the cake anymore. To relieve customer boredom, many chains are expanding product lines to increase sales. TCBY sells Mrs. Fields cookies, brownies and muffins in about 251 stores. While Everything Yogurt always sold a limited line of lunch entrees such as quiche and pita sandwiches, it has refocused its menu and now is Everything Yogurt & Salad Cafe. Eight varieties of fresh salad include niçoise, pasta with mixed vegetables, chef, house, Caesar and seafood.

Chains hope salads, baked goods and even health food will increase sales.

400

The Spokespoon, modeled after the chain's sampler spoons, hosts Baskin-Robbins' latest campaign.


The *Lighter Side* of Baskin-Robbins.

Menu expansion also has spread to ice-cream chains.

Carvel, Baskin-Robbins and Bresler's either have or are testing café or bakery concepts. Ice cream and frozen yogurt cakes, pies and novelties are a bigger business than ever, and customers will be able to find more luncheon fare and regular baked goods in sweets shops in the next few years.

DAIRY QUEEN
*1991 sales: $2,352.4MM***
400 ranking: 11
Segment ranking: 1

The Minneapolis-based chain introduced a line of gourmet frozen cakes in 1991 to encourage sales of the desserts beyond the traditional "special occasion," according to Ed Watson, executive vice president of operations. Flavors include Black Forest, caramel nut fudge and apple crumb. The cakes account for 10% to 12% of total cake sales.

Three new Blizzards debut this summer: Mud Pie, Rocky Road and Chocolate Chip Cookie Dough. In four days, franchisees who tested the new Blizzards ran out of product meant to last three weeks.

DUNKIN' DONUTS
*1991 sales: $990.8MM***
400 ranking: 29
Segment ranking: 2

The biggest growth vehicle for the Randolph, Mass.-

continued on page 114

SWEETS
$6.2 billion

5.5% of all
400 commercial sales

TOP TRENDS
☐ Expanded-menu cafe concepts offering soup, salad, sandwiches
☐ Adding baked goods to the menu
☐ Expanding with nontraditional units (carts, kiosks) in institutions
☐ Gaining more of the children's market

NEW MENU ITEMS
☐ Frozen cakes and pies
☐ Novelties such as yogurt on a stick
☐ New flavors of shakes and malts swirled with confections
☐ Baked goods such as muffins, cookies, brownies, pastries
☐ Value deals such as Baskin-Robbins' (buy one scoop, get a second for 49 cents) and Carvel's (buy a full-size cake, get two smaller ones for $4)

**R&I estimate

From Carvel to DQ to TCBY, cakes and other frozen novelties are big business.

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based chain is nontraditional units in nontraditional facilities. Dunkin' Donuts kiosks, mini satellite stores, carts and display cases are showing up in colleges, corporate dining rooms and hospitals across the country.

Dunkin' Donuts Minis, introduced in February as a limited-time deal, are selling so well that they most likely will stay on the menu.

BASKIN-ROBBINS

1991 sales: $829.7MM
400 ranking: 34
Segment ranking: 3

A major campaign is underway at Baskin-Robbins this year. The Spokespoon, BR's pink, animated mascot who is touting special deals and new products in the media, was modeled after the sampling spoons for which the Glendale, Calif.-based chain is known.

Some new products this year include a premium frozen yogurt on a stick and chocolate-covered ice cream bars in Tiny Toon Adventures packaging. (Tiny Toons are baby versions of Warner Bros. Looney Tunes characters.)

Baskin-Robbins Bon Doux, a bakery concept, has been in test in West Hollywood.

Cannoli are among the most recent of Carvel's novelty "bakery" products, which include holiday theme cakes.

It sells muffins, pastries, bread, cakes and other French-style baked goods in addition to ice cream.

TCBY

1991 sales: $321.0MM
400 ranking: 74
Segment ranking: 4

Good franchisee relations is the chain's main focus, according to Herren Hickingbotham, chairman. As part of this emphasis, Charles Cocotas, formerly head of Boston Chicken rotisserie chicken chain, signed on as president and CEO of TCBY systems this year.

Last summer, TCBY reduced the wholesale price it charges operators by 10%. Also, as the chain expands into more nontraditional unit locations (in colleges, hospitals, arenas), area franchisees will be given the first opportunity to manage those deals.

In 1991, sales of specialty pies and cakes (sold premade whole and in slices) were good enough to draw more emphasis this year. TCBY is rolling out its Pie & Cakery theme touting birthday specials and custom cakes. Yogurt Party Parfaits served in pilsners and the Moo-Malt ($1.89 to $2.29) also debuted in 1992.

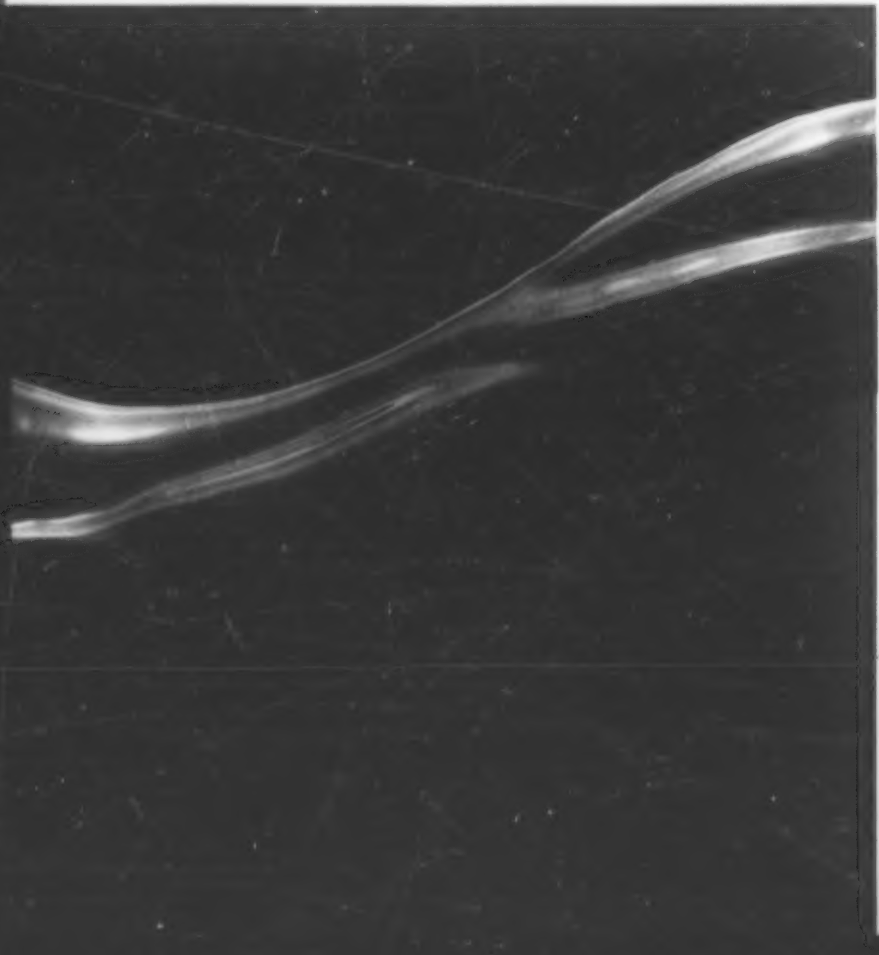
The chain is keeping an open mind about menu extensions of the soup, salad and sandwich variety, says Hickingbotham, but no plans are concrete yet.

CARVEL

1991 sales: $140.0MM
400 ranking: 151
Segment ranking: 7

Repositioning itself as Carvel Ice Cream Bakery took time, energy and capital in 1991, and the process continues. The new outdoor logo and signs are up in 50% of the stores. To set off the Farmington, Conn.-based chain's new bakery products, 63% of units have new menu boards and 53% added display equipment.

Those products, heavily advertised last year and this year, include $8.99 holiday theme cakes such as Easter bunny, turkey and Santa cakes and a line of elegant classic cakes. Most were sold with a "buy one, get two mini-cakes for $4 more." New in 1992 are cannoli and fruit-flavored swirl cakes. —B.L.



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Service, Value Top Dinner Houses' Lists

Conspicuous spending is out, but diners will pay for value.

400

In 1992, conspicuous spending among consumers is out. Back-to-basics among dinner-house operators is in. For both groups, ironically, price is not the major issue. Value is. "That's what brings people into restaurants today," says Chart House Marketing Communications Director Mike Plante.

Other operators say service has become the No. 1 issue. "Diners are choosing restaurants as much for the caliber of service as for the food quality," says Restaurant Unlimited's Marketing Vice President Richard Giboney.

Image adjustments have come into play as well. J.B.'s Restaurants is looking for a more upscale audience. After an internal marketing study revealed that customers think of it as a steakhouse, Chart House is fighting an identity crisis. In fact, the chain sells as much fish as it does steak.

T.G.I. FRIDAY'S

1991 sales: $570.0MM
400 ranking: 42
Segment ranking: 1

Friday's had "a great year" in 1991, reports Chief Financial Officer Stephen King. Sales were up overall, although receipts for comparable-store sales were down slightly.

"The most significant thing we did was hold menu prices firm," says King.

In October, the Dallas-based chain introduced a low-fat, low-calorie Friday's Lite menu, featuring a stir-fry vegetable baguette with cilantro pesto; charbroiled chicken with steamed seasonal vegetables served with vinaigrette for dipping; and chargrilled vegetarian burger made with whole grains, nuts and mushrooms, served on a toasted whole-wheat kaiser roll. The vegetarian burger, a top-selling lunch item, is running close to 15% of all burger sales, King says. In April, charbroiled Pacific coast tuna joined the light menu.

HOULIHAN'S

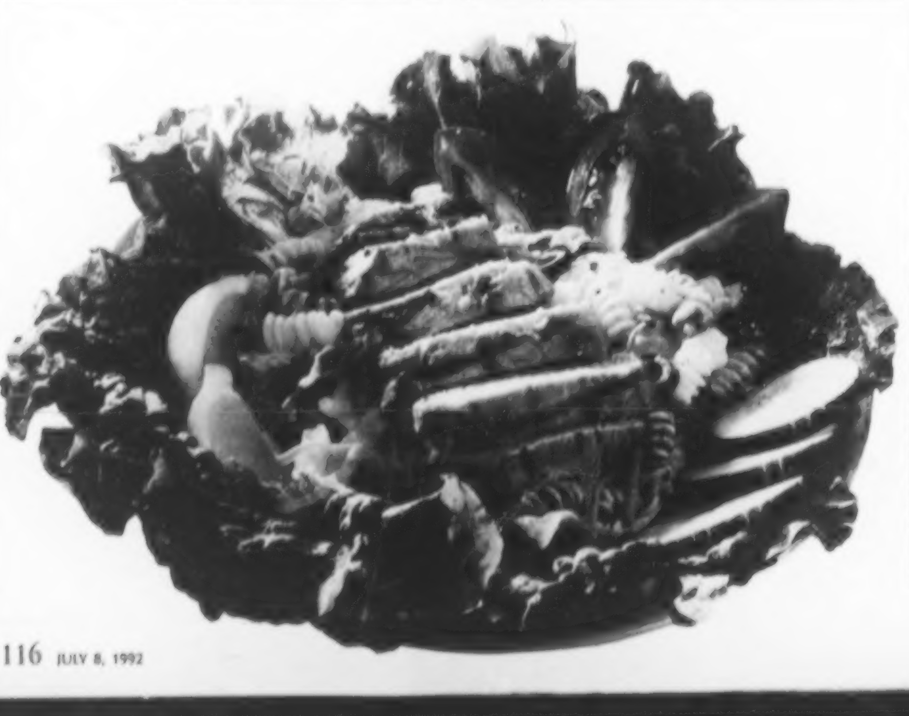
1991 sales: $198.2MM
400 ranking: 124
Segment ranking: 7

Houlihan's, in Chapter 11 since November, is at a critical juncture in its restructuring program.

Houlihan's nevertheless is encouraged by the economic turnaround in the Midwest and Southeast. The Kansas City, Mo.-based chain expects its strong core menu, with a few changes, to help boost its recovery.

Until last year, cheeseburgers were the biggest sellers. Now, it's the Brentwood Chicken Sandwich, a grilled breast with honey

Ground Round's pasta and grilled-tuna steak salad ($5.95) is made off-premises and tossed in-house.



mustard sauce on focaccia, first introduced two years ago. On the entree side, fajitas continue to dominate sales.

In 1991, the chain added the first in a series of value-priced items: oil-free chicken and vegetable pasta ($6.95), and shrimp linguine ($8.25). This summer, three $7.95 offerings will debut: chicken scaloppine and a pair of 9-inch pizzas (five-cheese and smoked chicken). All three come with soup or salad.

Two items from Friday's spring promotion—Pacific Coast Tuna and Chocolate Malted Turtle—have joined the permanent menu.

Pacific Coast Tuna
SPRING MENU PROMOTION
April 21 - May 18, 1992

CHART HOUSE

1991 sales: $150.0MM
400 ranking: 145
Segment ranking: 10

Chart House, Solana Beach, Calif., conducted an extensive internal marketing study that revealed that customers were more value- than price-conscious. The company then engineered a complete review of every operational facet, from its meat-cutting methods to the way employees greet and seat customers.

"We have to look very hard at what we're doing, and improve those areas that need it," notes Mike Plant, marketing communications director. "Competition comes from local restaurants, not other chains. That's become more evident than ever."

SPECIALTY RESTAURANTS

1991 sales: $141.0MM
400 ranking: 150
Segment ranking: 11

The recession affected Anaheim, Calif.-based Specialty most significantly in the Northeast, where sales were down 8% in 1991, and in California, where they were off as much as 12% in some markets.

Specialty operations stress more diverse menus with wider price options. New entrees in 1991: beef fillet medallions with cabernet sauce, sliced sirloin, and seafood and primavera pasta dishes. The 1992 offerings are even more ambitious: Chicken and pistachio fettuccine; niçoise pasta with tuna in Mediterranean-style sauce; sesame pasta with julienne cucumbers, red peppers and spicy peanut sauce; and Pacific Rim seafood entrees combined with Caribbean spices. In addition, some markets are reintroducing old standbys such as pork chops.

J.B.'S RESTAURANTS

1991 sales: $127.3MM
400 ranking: 169
Segment ranking: 12

The Salt Lake City-based chain marked its 30th year with an 11% revenue increase and the debut of J.B.'s Bakery, an in-store retail outlet featuring cookies, muffins, pecan sticky buns, and gourmet cream and double-crust pies. The $15,000 add-on installation, rolled out systemwide in June, could boost average unit sales by 5%. Goal for '92: Improve unit volume.

J.B.'s opened nine company-owned units and one franchised in 1991. Company unit expansion will be shelved in 1992 in order to concentrate on improving unit volume and profits, and to reposition J.B.'s to appeal to the more affluent baby-boomer audience.

The company's successful dinner program—now 40% of business—has prompted a shift to morning hours and tests of "nontraditional or gourmet breakfasts."

The company acquired an interest in Americana Entertainment Group and will develop 12 Home Town Buffets (average unit volume: $2

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DINNER HOUSES
$5.2 billion

4.6% of all
400 commercial sales

TOP TRENDS

☐ Value pricing and enhanced plate presentation
☐ More personalized service
☐ De-emphasizing new product introductions
☐ Expanding menu with lower price-range options
☐ Stepping up couponing
☐ Scaling back special price promotions
☐ Empowering employees

WHAT'S NEW

☐ Houlihan's: Chicken sandwich now outsells cheeseburger
☐ Chart House: Teriyaki top sirloin
☐ Specialty Restaurants: Fillet medallions cabernet
☐ J.B.'s upscale pasta line and gourmet breakfasts

NEW CONCEPTS

☐ J.B.'s: J.B.'s Bakery, an in-store retail bakery, rolled in June
☐ Magic Pan: Milano Italian Kitchen; four open, 10 more planned
☐ Entertainment One: True Luck's steak and crab house, Houston

Entertainment One hopes to expand True Luck's, a steakhouse, to 20 urban markets.

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million) in Arizona, New Mexico, Colorado and Utah over the next three years.

RESTAURANTS UNLIMITED

1991 sales: $69.9MM

400 ranking: 250

Segment ranking: 22

Same-store sales dipped about 3.7% and customer counts, 5% for 1991. The company had fair to good results in Hawaii, Alaska and Minneapolis, while Seattle, San Francisco, Los Angeles and Philadelphia units reported mixed or softened sales levels.

Currently, however, the company reports that all restaurants are posting modest to good sales increases.

Price cutting is not in the cards. The company is changing the menu mix, however, to include lower-priced pasta, salad and entree choices. New additions will be assembled from the R&D department's existing in-house recipe inventory.

Restaurants Unlimited will build four or five more Zoopa units in the Seattle area. The two-year-old, 7,000-square-foot, one-price soup-salad-pasta operation will be scaled down to contain operating costs.

Applebee's Frozen Sensation drinks (Strawberries 'n Cream and Banana Cream Pie) are part of a six-category summer beverage menu.

TRADER VIC'S

1991 sales: $57.5MM

400 ranking: 276

Segment ranking: 24

Trader Vic's, San Francisco, reports its best year since 1986. Head counts jumped 50% from 1990 to 1991 and sales were up 30%, says President Didier Peyron.

Heavy discounting accounts for most of the increases. Customers who visited an average of once a month now come more often, says Peyron. "But, even though food was discounted, the average check only went down about 15% because drink orders increased," he says. Alcoholic beverages account for 30% of total sales.

Trader Vic's Bangkok unit, its first outside of the United States, opens in September. Operating contracts have been negotiated for Palm Springs, Las Vegas and Miami.

ENTERTAINMENT ONE

*1991 sales: $50.0MM**

400 ranking: 301

Segment ranking: 27

The Houston-based nightclub operator expects a flat market until 1998, when a new generation of 21-year-olds emerges, thanks to the step-up in the birth rate in 1977.

Houston business has been strong. California, however, is weak and probably will be for another year or two, says Entertainment One Vice President Chuck Badrick.

True Luck's, a 220-seat steak and crab house, opened in Houston earlier this year. The company is looking at expansion possibilities in 20 top markets.

MAGIC PAN

*1991 sales: $43.6MM***

400 ranking: 325

Segment ranking: 31

Magic Pan discounted heavily to ride out the recession. Sales, flat during 1991, jumped 5% in the first quarter of 1992.

Expansion is on hold, however. Several units will be converted to the new Milano Italian Kitchen format, the first of which opened near San Francisco last July.

The new concept, with an under-$10 menu and an average unit volume of $2.5 million, "reflects the wave of the future, which is the price-conscious menu," says Magic Pan President Michael Patel. The San Mateo, Calif.-based chain opened a fourth Milano in Glendale, Calif., in June. Plans call for another 10 by the end of 1993.

BOBBY McGEE'S

1991 sales: $41.0MM

400 ranking: 342

Segment ranking: 35

Belt-tightening at the Scottsdale, Ariz.-based chain resulted in corporate staff cuts, unit closings and elimination of human resources and marketing departments.

Domestic expansion has been shelved until the recession ends. Four units closed, including the 13-year-old Newport Beach, Calif., unit. The company is looking to the Far East for growth. Three Australian sites boast an average unit volume of $11 million. **—B.M.D.**

*Company estimate. **R&I estimate

R&I 400: STEAK/BARBECUE

Away-from-Home Beefeaters Keep Steakhouses in Shape

Research indicates that red-meat consumption has declined—at home. But in restaurants, beef remains a favorite. This probably explains why, in the recent economic downturn, sales in the steakhouse/barbecue segment have remained steady.

Menu-wise, upscale entrees are in—New York strip, filet mignon and lobster at Ponderosa; prime rib at Western Sizzlin'; marinated, grilled sirloin at Golden Corral. And steakhouse executives say they'll shelf discounting and couponing as the 1992 sales picture brightens.

Upscale menu items and little couponing fatten the segment's profits.

SIZZLER

*1991 sales: $983.6MM**
400 ranking: 30
Segment ranking: 1

Los Angeles-based Sizzler weathered a bad year contending with the bum economy and heavy competition from a market crowded with Italian, seafood and Mexican dinner houses.

Hugh Duncan, Sizzler USA president, wants to return Sizzler to its mid-'80s positioning, before its focus shifted from steak to the salad bar.

"We want to be known as a good grill restaurant, not as a steakhouse, not just as a place that serves a lot of

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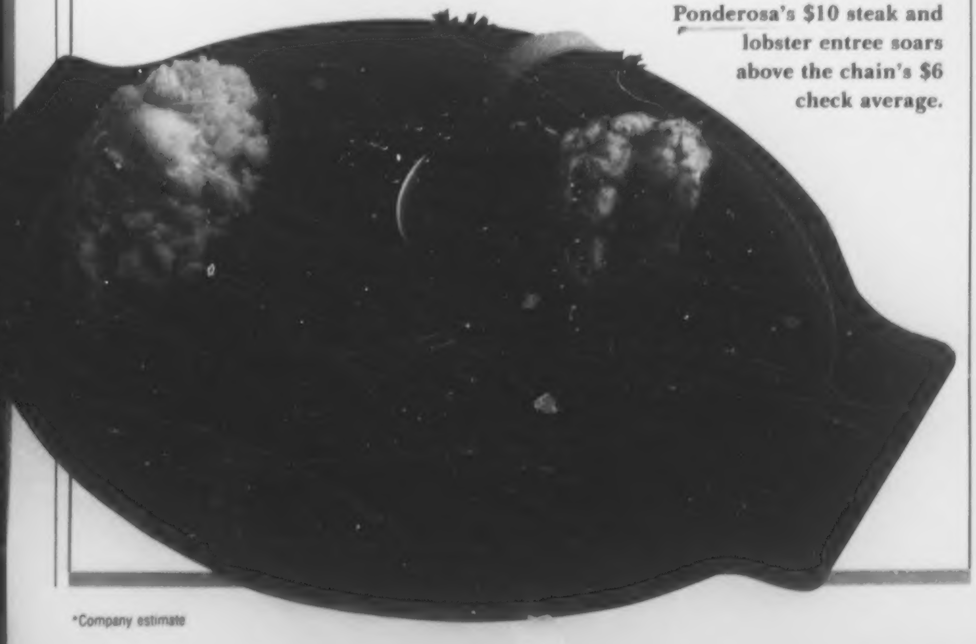


Ponderosa's $10 steak and lobster entree soars above the chain's $6 check average.

STEAK/BARBECUE
$5.1 billion

4.5% of all
400 commercial sales

TOP TRENDS

☐ Higher-priced entrees to broaden demographic appeal
☐ Some couponing but no deep discounting
☐ Continued growth and more variety in food bars, for example, Mexican
☐ More customer interest in nutrition

NEW MENU ITEMS

☐ Golden Corral: Marinated sirloin
☐ Western Sizzlin': Prime rib on the banquet menu
☐ Tony Roma's: Half-slab baby back ribs
☐ Sonny's Real Pit Bar-B-Q: Danish baby back ribs

GREAT PROMOS

☐ Tony Roma's: rib-eating contest; rib-sauce recipe contest; half-slab rib dinner

*Company estimate

Chicken is big: Salads at Tony Roma's; breast entrees at Bonanza.

continued from page 125

food for a little money," says Duncan.

Duncan would not discuss menu plans except to say that major product testing is in progress. Combos will be scaled back and weak items weeded out.

PONDEROSA

*1991 sales: $744.1MM***
400 ranking: 37
Segment ranking: 2

Dayton, Ohio-based Ponderosa added a half-dozen upscale steak and lobster entrees in the $10 range, which is substantially higher than its average $6 ticket. The dinners, featuring New York strip, filet mignon and porterhouse, help Ponderosa broaden its demographic appeal as a midscale, affordable steakhouse with a wider menu price mix.

Making big waves at the Grand Buffet is the new Mexican Bar El Grande, with make-your-own chimichangas, burritos and tacos.

GOLDEN CORRAL

1991 sales: $449.0MM
400 ranking: 58
Segment ranking: 3

Early this year, Raleigh, N.C.-based Golden Corral rolled out marinated grilled sirloin. It accounted for 8% of sales in test, a good showing, especially in units where salad-bar-only orders account for 40% to 70% of sales. In February, the chain debuted two grilled seafood dishes: whitefish and scampi.

New at Golden Corral: Grilled whitefish (below), grilled scampi and marinated grilled sirloin.

WESTERN SIZZLIN'

1991 sales: $400.0MM
400 ranking: 62
Segment ranking: 4

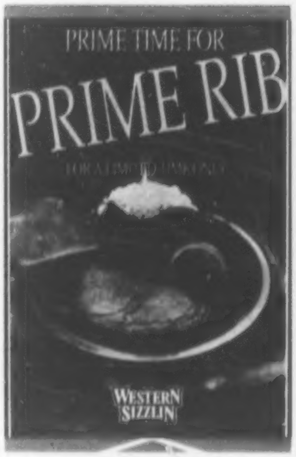
Dallas-based Western Sizzlin' has curbed the revenue slide that began before President Frank Carney's arrival in 1988. Since then, average store volume has jumped 22%, from $750,000 to $964,000.

Western Sizzlin' switched this year to choice-grade meat. Prime rib now augments the banquet menu because it is popular and easier to prepare than steaks. Some units feature it on their regular weekend menus. The food bar, another priority, finally has a name: County Fare.

BONANZA

1991 sales: $389.2MM
400 ranking: 63
Segment ranking: 5

Dallas-based Bonanza is concentrating on quality improvement, refining product specifications and creating innovative ways to promote new entrees. In 1991, Bonanza introduced a line of chicken breast dinners: Honey Dijon, Monterey Supreme, Teriyaki, Mexicali (with salsa and soft cheese), and Garden Chicken (topped with cheese sauce and broccoli).



Western Sizzlin' put prime rib on the permanent banquet menu.

TONY ROMA'S—A PLACE FOR RIBS

1991 sales: $241.0MM
400 ranking: 100
Segment ranking: 9

Tony Roma's new $7.95 half-slab baby back rib dinner with baked potato and bread scored a hit with light eaters, especially women. Also popular: Southwestern chicken with cheese and mushrooms, and Caesar's Chicken Salad. Coming up: Sonoma Salad with batter-fried chicken strips, jicama, red pepper and honey jalapeño dressing, and Santa Fe Salad in a taco shell with chicken and honey-mustard dressing. Prime rib is in test in Texas and California.

Couponing, initiated to combat the recession, will be cut. Promotions will concentrate on the Los Angeles-based chain's 20th anniversary celebration. **—B.M.D.**

**R&I estimate

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Closings, Volcanoes, Gulf War Fuel Military Menu Maneuvers

Department of Defense cutbacks call for a nearly 25% personnel decrease by 1995. The downsizing has triggered the closing or, in the case of bases with multiple food facilities, consolidation of units. Despite corresponding budget reductions, the overall effect on foodservice operations will be minimal this year.

U.S. ARMY CENTER OF EXCELLENCE, SUBSISTENCE

*1991 sales: $1,400.0MM†**
400 ranking: 21
Segment ranking: 1

The Army plans to put more cooks in field installations during the next three years, acting on the belief that cook-prepared meals will provide more menu variety and create a "home cooking" feeling for soldiers.

On the menu front, customer satisfaction and nutrition remain high priorities.

Defense cuts set the stage for food courts, automation and more.

Menus feature expanded Oriental, Mexican and other ethnic offerings. Specialty nights promote Asian, African, regional American and Latin American cuisines.

U.S. NAVY FOOD SERVICE SYSTEMS

1991 sales: $1,045.2MM†
400 ranking: 28
Segment ranking: 2

By 1992 year-end, automated data processing equipment will be installed in more than 75% of the general messes. An automated menu planning program, designed to ease the burden on Mess Management Specialists, allows greater creativity and flexibility in menu planning.

ARMY & AIR FORCE EXCHANGE SERVICE

1991 sales: $574.2MM†
400 ranking: 41
Segment ranking: 3

The service spent the better part of 1991 refining in-house food operations such as Anthony's Pizza, Robin Hood Sandwich Shoppe and Deli, Frank's Franks, and The Chicken Loft. Menus were streamlined, training programs stepped up and more promotions initiated. Kiosks for smaller locations supplement existing pizza

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MILITARY
$5.0 billion

41.0% of all
400 institutional sales

TOP TRENDS

- ☐ Shift to field feeding
- ☐ Switch to computer-automated systems
- ☐ Increased availability of nutrition information
- ☐ Developing brand-name fast-food concepts
- ☐ Converting club cafeterias to food courts
- ☐ Developing kiosk versions of popular fast-food concepts
- ☐ Persuading troops to opt for lower-fat, lower-calorie foods
- ☐ Looking for smaller, adaptable pieces of equipment

MENU HIGHLIGHTS

- ☐ Army: Oriental, Mexican, African food promotions
- ☐ Army, Air Force: Pizza and Mexican kiosk additions
- ☐ Air Force: 30-day menu programs
- ☐ Marines clubs: Expanded catering operations
- ☐ Veteran Affairs: Cook-chill systems

The services encourage troops to choose lower-fat, lower-cholesterol foods.

*Company estimate; †commercial equivalent

Healthful food still a military priority.

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and Mexican units.

Developing more in-house food outlets, starting with the rollout of an Oriental concept, is on the service's list of things to do.

U.S. AIR FORCE MORALE, WELFARE, RECREATION AND SERVICE AGENCY

1991 sales: $300.7MM†

400 ranking: 81

Segment ranking: 4

Foodservices, formerly under Engineering and Services Center, was reassigned to MWRS to integrate foodservice with clubs, golf courses, recreation centers and other customer-service-type businesses.

MWRS currently is working on a 30-day menu—three meals and a snack each day—composed of Armed Services recipes revised to meet dietary needs for low sodium, cholesterol, etc. This menu specifies vegetable oil; skim and low-fat milk; and baked, broiled and grilled chicken and fish entrees.

U.S. MARINE CORPS

1991 sales: $280.0MM†

400 ranking: 87

Segment ranking: 5

USMC's swing to a $4.5 million automated management system begins July 1. The two-year program is expected to eliminate $10 to $15 million worth of accounting errors annually when fully operational.

Menus, some tying in with sports and nutrition, have been tailored around more reasonably priced items such as chicken, pasta, 45- to 50-item salad bars, and bagel and baked-potato stations.

DEPT. OF VETERANS AFFAIRS

1991 sales: $269.1MM†

400 ranking: 91

Segment ranking: 6

Management hopes to step up group purchasing through a potentially cost-saving "prime vendor" concept. In test: a cook-chill system and a compressed work week—more hours a day, less days a week—to stabilize a work force plagued by absenteeism and turnover. **—B.M.D.**

†Commercial equivalent

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Value Pricing and Mainstream Competition Boost Sales

Mexican chains strive to out-do other dinner houses with low-priced entrees and upscale additions.

Value remains as prevalent as beans in a burrito in both fast-food and full-service Mexican restaurants. The dinner houses in the segment now supplement the menu with lower-priced entrees. On the other hand, competition from mainstream full-service restaurants that offer Mexican entrees has inspired new dishes with more complex flavors and tastes.

TACO BELL
1991 sales: $2,800.0MM
400 ranking: 8
Segment ranking: 1

Sales were up 15% in 1991, and profits, a whopping 21%. In 1991, Taco Bell opened 300 units; and expects to exceed that this year, starting with the acquisition of 95 W.R. Grace Del Taco/Taco Villa units. All will sport the familiar bell logo by early 1993. The Irvine, Calif.-based chain went south of the border in May, opening three units in Mexico City.

Taco Bell's all-new breakfast menu will be rolled out market by market throughout 1992-93. Offerings include plain, sausage and bacon burritos (39 cents to 59 cents) as well as muffin sandwiches (99 cents). Steak Burrito Bel Grande is a new addition to the lunch and dinner menu. Chicken, garden and Mexican salads, in test since mid-1991, are not expected to debut before summer.

Chi-Chi's Chajita line of skillet entrees is expanding to include appetizers served in smaller skillets.

CHI-CHI'S
1991 sales: $456.3MM
400 ranking: 57
Segment ranking: 2

According to Glenn Drasher, senior vice president, marketing/advertising for the Louisville, Ky., chain, nearly 260 competing full-service restaurants opened in various Chi-Chi's markets during 1991.

"We are trying to be more sensitive to price points," Drasher notes. "No menu

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MEXICAN
$4.7 billion

4.1% of all
400 commercial sales

TOP TRENDS

- ☐ New entrees appeal to mainstream appetites
- ☐ Competition from non-Mexican operations spurs new product development
- ☐ More fast-food chains sing Taco Bell's value-pricing theme song
- ☐ Product tests in retail grocery-store food courts
- ☐ Stepped-up franchising

BEST SELLERS

- ☐ Taco Bell: Taco line
- ☐ Del Taco: Macho Burrito line
- ☐ Taco John's: Soft taco
- ☐ El Torito: Fajitas

NEW MENU ITEMS

- ☐ Taco Bell: Breakfast menu including plain, sausage and bacon burritos, and muffin sandwiches
- ☐ Chi-Chi's: Pizzas, quesadillas and nachos served in appetizer-size skillets
- ☐ Del Taco: Breakfast burrito and Macho Burrito, which weighs a full pound
- ☐ Carlos Murphy's: Chicken Caesar Salad, shark fajitas

Chi-Chi's serves appetizers, pizzas, Chajitas, and even desserts in a skillet.

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increases are planned, and store promotions will be limited to $5.99 to $6.99 items."

Chi-Chi's also plans to add more menu items and redesign the physical menu. The chain is testing a skillet appetizer line, an extension of Chi-Chi's trademarked Chajita skillet entrees. Selections, served in smaller skillets, consist of pizzas, quesadillas and nachos. Also new on the menu: a Vegetable Chajita and Sizzling Apple Pie in caramel sauce, both served in skillets.

Sizzling Shrimp from El Torito helps beat the non-Mexican competition, says President Mike Casey.

EL TORITO

*1991 sales: $375.0MM**

400 ranking: 65

Segment ranking: 3

Both the recession and more competition from non-Mexican dinner houses have taken their toll on El Torito's business, says President Mike Casey. Casey believes that the economy's pendulum eventually will swing back. But taking on the competition is another story.

"Our priority is to make the point that Mexican restaurants do a better job with Mexican dishes than non-Mexican dinner houses," he says. To prove the point, the chain will focus on new products.

Casey won't say what new menu offerings are in the wings. But pricing will be a factor in terms of both food and service quality. He believes that El Torito's average checks of $7 to $8 can stimulate customers' value perception if the quality is there.

DEL TACO

*1991 sales: $177.0MM***

400 ranking: 131

Segment ranking: 4

Never an active franchisor, Costa Mesa, Calif.-based Del Taco has unveiled an aggressive growth strategy to attract potential franchisees. A scaled down, 2,000-square-foot, 28-seat building design and logo, as well as multiunit development opportunities in exclusive territories all are part of the package. Under President Kevin Moriarty, the company has speeded up drive-thru, streamlined preparation and serving procedures, improved cost controls, and revamped the menu to reflect the new wave of value pricing.

Del Taco's current menu boasts 20 items under a dollar, including several in the 50-cent ballpark. New additions include a Breakfast Burrito and a Macho Burrito, which weighs in at a full pound.

CARLOS MURPHY'S

1991 sales: $38.0MM

400 ranking: 361

Segment ranking: 16

Customer counts ranged from flat to up 2%. But this year, the chain expects stronger sales because diners are trading down to less expensive menu entrees, says Bruce MacDiarmid, Carlos Murphy's marketing vice president.

The chain's newest offering, Chicken Caesar Salad, accounts for 40% of all salad sales. Shark fajitas sell well because the fish is grilled instead of fried. All sandwiches are served on tortas (Mexican rolls). The children's menu, 6% of all meals, is expected to take off when the chain introduces more "Kid Friendly" promotions. —B.M.D.

Chicken wings, salads and sandwiches—this one's from Taco John's—keep joining Mexican menus.

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*Company estimate; **R&I estimate

Sandwich Chains Target Budget Buyers and Quality Seekers

Sandwich chains draw two kinds of customers, chain executives say. One group is willing to pay a slightly higher price for what they perceive to be a top-notch sandwich. The other group is drawn by the low price first—following the fast-food value mind-set created by Taco Bell. Chains direct their marketing efforts to one group or the other.

ARBY'S
1991 sales: $1,450.0MM
400 ranking: 19
Segment ranking: 1

In May, Miami-based Arby's launched yet another promotion supporting its new position as a delicious change from everyday fast food. Arby's "Great Escape from Boring Burgers" campaign spotlights the chain's four major sandwich lines: roast beef, chicken, light sandwiches and Arby's new sub sandwiches, which debuted in April.

The chain's Great Escape promotion includes a giveaway sweepstakes advertised through free-standing inserts and on soft-drink cups with "peel and reveal" prize stickers. Arby's plays up its

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> ***Sandwich sellers say there's plenty of share to carve from the burger segment.***

400

Arby's new line of sub sandwiches includes Italian, meatball, turkey and roast beef.

SANDWICHES
$4.5 billion

4.0% of all
400 commercial sales

TOP TRENDS

- ☐ **Value deals: Round sandwiches, 79 cents to $1.39, at Subway; Rax Favorites for 99 cents**
- ☐ **Continued expansion into nontraditional markets, including colleges, hospitals and sports facilities**
- ☐ **Marketing geared toward customers willing to spend more for better quality**
- ☐ **Private labeling of such items as meat, cheese, bread, potato chips and dressings to lower food costs**
- ☐ **More light products, especially vegetarian selections, salads and grilled items**

NEW MENU ITEMS

- ☐ **Arby's: Sub sandwiches**
- ☐ **Subway: 4-inch round sandwiches**
- ☐ **Rax: Fresh pizza and pasta on the salad bar in test**
- ☐ **Schlotzsky's: "Deli" concept, complete with expanded menu and new decor**

Schlotzsky's New Orleans-style deli posts twice the sales of a regular store.

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international presence by offering grand-prize winners a week-long vacation for two to any Arby's location in the world, including Hawaii, the Bahamas, the Virgin Islands and Mexico City.

SUBWAY

1991 sales: $1,400.0MM
400 ranking: 20
Segment ranking: 2

Subway, Milford, Conn., is rolling out its new 4-inch round sandwiches to all stores, says Marketing Vice President Dick Pilchen. It will begin advertising the sandwiches, priced from 79 cents to $1.39, in September.

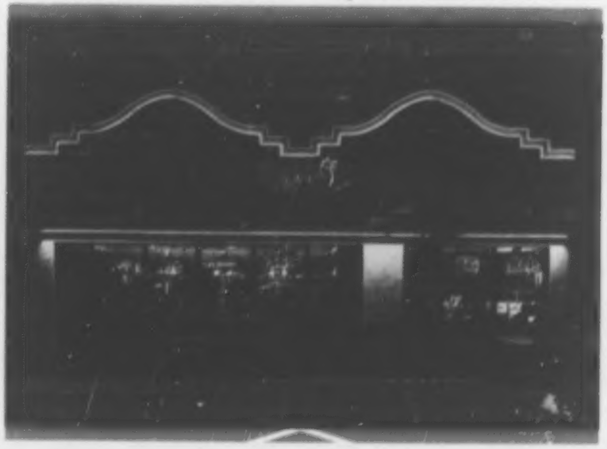
Over the past year, Subway has cut its entry-level price, promoting 6-inch sandwiches at $1.89, then $1.69, and most recently $1.49. Pilchen says the chain will give its price-oriented marketing a rest this summer during the launch of a new roast-chicken sandwich, which will debut at $2.49 for a 6-inch size.

RAX

1991 sales: $220.8MM
400 ranking: 111
Segment ranking: 4

Columbus, Ohio-based Rax might be jumping on the value bandwagon a little late, but chain executives believe the deals will more than make up the delay. Eight full-size Rax favorites, including its original roast beef sandwich (ordinarily $1.69), sell for 99 cents. The value menu went systemwide in April 1992.

Miami Subs will take over 100 Rax sites over the next five years. The chain is moving into institutions, too.



Rax debuted its Favorites Value Menu of best sellers for 99 cents. Pizza and pasta are new to the salad bar.

Pizza, baked in view of customers, and pasta on the salad bar are in test in five Columbus units. The agreement to convert 100 Rax units to Miami Subs is proceeding on schedule. (See Miami Subs, following). In a similar venture with a hometown Mexican chain, Red Burrito, Rax will open 20 of the units over the next two years.

SCHLOTZSKY'S

1991 sales: $60.0MM
400 ranking: 269
Segment ranking: 12

John Wooley, president, brought Chef Mike Dyer on board in 1991 to help reposition the concept—and major changes resulted. Dyer's test unit, Schlotzsky's Deli in Houston, was modeled after New Orleans' Central Grocery, where the muffuletta sandwich was born. The unit grossed about $700,000 in 1991, more than double typical unit volumes of $300,000 for the Austin, Texas-based chain.

More than 20 area developers are signed up to open units, and the chain expects another 30 to open by the end of this year.

MIAMI SUBS

1991 sales: $39.0MM
400 ranking: 354
Segment ranking: 17

A joint venture with Rax signed late in 1991 will convert 100 Rax units in Ohio, Indiana, Missouri, West Virginia and Pennsylvania to Miami Subs by 1996. Half the units to be converted will be Rax company stores, the other half will be new sites and franchisees who agree to convert. Why the deal? When Miami Subs, Fort Lauderdale, Fla., took over closed Rax sites in Florida, average unit volumes doubled, says Ron Petty, Miami Subs president. **—B.L.**

Seafood Chains Lure Customers with Value and Health

Leading seafood chains continue to develop and promote value menus, luring recession-weary customers to their establishments with complete meals. Fish, shellfish and chicken combo platters also are proving successful in persuading customers to dine out.

After value, health is the next most common theme. Leading seafood chains are expanding baked, grilled and broiled seafood lines, and offering chicken as a seafood alternative, also prepared baked, grilled or broiled.

> *Dinners, combos, grilling and broiling provide competitive edge.*

400

New menu boards and backlit boxes have increased Long John Silver's overall sales by more than 10%.

Although battered, fried seafood still is the top seller, seafood chain operators say offering baked, broiled and grilled lines is necessary in today's market, and will be a vital competitive edge in the future.

RED LOBSTER

*1991 sales: $1,600.0MM***
400 ranking: 15
Segment ranking: 1

Value, service and expansion into smaller markets are key components of Red Lobster's continued success as the seafood segment leader.

The Orlando, Fla.-based dinner-house chain is opening units in markets with populations of 150,000 or less. The chain plans aggressive growth in these markets, in addition to its traditional pursuit of markets in areas with populations of more than 150,000.

Red Lobster, part of General Mills Restaurants, continues to market value and service through its garlic cheesebread program. Servers offer customers unlimited garlic cheesebread in table baskets.

The company's value menu, with a variety of entrees priced at $9.95, remains a long-term test in a five-market area. Value menu entrees are priced at $9.95.

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SEAFOOD
$3.0 billion

2.6% of all
400 commercial sales

TOP TRENDS

- ☐ Value menus, value meals
- ☐ Baked, broiled or grilled fish and chicken items
- ☐ Fish, shellfish and chicken combo platters
- ☐ Emphasis on service

NEW MENU ITEMS

- ☐ Long John Silver's: Add-a-Piece menu
- ☐ C.A. Muer: Whole bass or perch baked in salt and presented tableside
- ☐ Red Lobster: Unlimited garlic cheesebread in table baskets, value menu
- ☐ Captain D's: Value menu featuring five seafood and seafood/chicken dinners
- ☐ Legal Sea Foods: Value dinners and buffets offering fish, starch, two side dishes, coffee and dessert
- ☐ Arthur Treacher's: More broiled, baked and grilled fish and chicken items

**R&I estimate

continued from page 151

Captain D's is trying to net customers by promoting combo platters.

LONG JOHN SILVER'S SEAFOOD SHOPPES

1991 sales: $835.0MM
400 ranking: 43
Segment ranking: 2

Long John Silver's strategy to revitalize sales began with menu analysis. The Lexington, Ky.-based company eliminated many items, redesigned its menu boards and developed the Add-a-Piece program, in which, for 75 cents or less per piece, customers can add pieces of fish, shrimp or chicken to their basic meal. The basic meals sell for $1.99.

CAPTAIN D'S

1991 sales: $420.8MM
400 ranking: 60
Segment ranking: 3

The past year saw new leadership for Captain D's, a division of Shoney's Inc. Chuck Porter, formerly president of Shoney's commissary and distribution arm, is the new president. Vearl Starnes, formerly president of Lee's Famous Recipe Chicken, another Shoney's property, is the new executive vice president. The two are noted for record sales and profits with their previous jobs, and are expected to bring the same success to Nashville-based Captain D's.

The chain also has developed a new long-term positioning statement, "The Great Little Seafood Place," and is concentrating on marketing combo dinners. The newest promotion is a value menu featuring five complete meals for $2.99.

SKIPPER'S

1991 sales: $100.5MM
400 ranking: 192
Segment ranking: 4

This year, Skipper's, the Bellevue, Wash., full-service chain, has seen the launching of a new concept, Skipper's Seafood Broiler, and the purchase of 20 Long John Silver's stores in Colorado. About half of the Colorado stores purchased are open and operating as Skipper's units.

Skipper's, owned by National Pizza, Pizza Hut's largest franchisee, has 16 Seafood Broilers in developmental stages. Some are new, and some existing Skipper's restaurants are being converted. The new concepts have drive-thru service, are larger and no longer have Skipper's nautical interior.

LEGAL SEA FOODS

*1991 sales: $49.0MM**
400 ranking: 305
Segment ranking: 7

Value programs highlighting consistency and quality of specially priced seafood dinners played a role in Legal Sea Foods' 6% sales increase over last year, officials say. Value dinners and buffets, offered on various nights at the company's eight metro-Boston locations, were promoted with a series of radio advertisements. Priced from $6.95 to $12.95, the dinners include fish, starch, two side dishes, coffee and, in some cases, dessert.

ARTHUR TREACHER'S

1991 sales: $38.0MM
400 ranking: 360
Segment ranking: 8

A strategy to put new stores in shopping-mall food courts has paid off for Arthur Treacher's Fish & Chips. The Youngstown, Ohio-based chain credits its growth to operating in small spaces and filling in with free-standing units.

Much of the expansion is occurring in Florida, as well as Atlanta and Cincinnati. Franchised units have increased by 20 in Atlanta alone. **—Karen Straus**

Captain D's is promoting a value menu featuring five complete meals that include fish, shellfish and chicken combos.

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*Company estimate

Transportation Targets Markets with Tailored Meals

Foodservice aims to please all—from business travelers to the health-conscious.

The transportation segment is increasingly using foodservice as a method of courting its target markets. More business, first-class and even child travelers can find convenience, luxury and fun at meals offering more healthful food.

CATERAIR INTERNATIONAL
1991 sales: $1,049.0MM
400 ranking: 27
Segment ranking: 1

Caterair International, Potomac, Md., leads this year's ranking—even with a steep drop in sales from 1990. In 1991, Caterair won 66 new contracts worldwide worth more than $58.0 million.

Caterair now offers more lighter fare. At breakfast, customers can choose a bran muffin with fruit and yogurt or an omelet. Second meals on longer flights are cold plates, such as pasta salad.

UNITED AIRLINES
1991 sales: $550.0MM
400 ranking: 44
Segment ranking: 2

United Airlines, Elk Grove Village, Ill., leaps to second place from fourth in the segment ranking. Menu changes include Friendly Skies Meals for kids (a joint effort with McDonald's) and Connoisseur Class for international business travelers, offering a choice of three entrees, an international wine list and other amenities.

DOBBS INTERNATIONAL SERVICES
1991 sales: $500.0MM
400 ranking: 53
Segment ranking: 3

Like Caterair, Dobbs' is offering more healthful food. Customers snack on pretzels instead of peanuts. At lunch, broth-based soups are replacing heavier cream soups. Menus now contain more grilled chicken and fish.

NORTHWEST AIRLINES
*1991 sales: $32.0MM***
400 ranking: 400
Segment ranking: 7

Minneapolis-based Northwest Airlines introduced two major menu innovations in 1991: Japanese Meal Presentation for first and executive classes and Fastrak for travelers on the busy Minneapolis-Chicago route (see sidebar). The Japanese Presentation service offers an artfully presented seven-course Japanese menu. —**B.M.**

Japanese Meal Presentation is an elegant lure for first- and executive-class travelers on Northwest Airlines.

TRANSPORTATION
$2.8 billion

23.0% of all 400 institutional sales

TOP TRENDS

- ☐ Healthful food—either replacing a heavier meal or offered as a choice along with it
- ☐ Upscale meals such as Northwest's Japanese Meal Presentation and United's Connoisseur Class
- ☐ Targeting the business traveler with both efficient and amenity-filled meal service

GREAT IDEAS

- ☐ United Airlines: "Do Not Disturb/Wake Me for Meals" stickers for fliers' optional use
- ☐ Northwest: Pick-and-pack Fastrak service enabling passengers to pack theis own meals from a gate-area buffet and eat them wherever and whenever they want
- ☐ Amtrak: Hand-held menu, which replaces a check-off sheet and improves customer perception of quality

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**R&I estimate

C-Stores Refresh Units, Menus and Merchandising Techniques

Each of the five companies in the c-store segment is in the process of upgrading its units. In some companies, foodservice plays a more important role than in others.

7-ELEVEN
*1991 sales: $1,996.9MM***
400 ranking: 13
Segment ranking: 1

After only four-and-a-half months under Chapter 11, The Southland Corporation, which owns 7-Eleven, completed its bankruptcy reorganization in March 1991. Under the agreement, Ito-Yokado and Seven-Eleven Japan bought 70% of Southland's common stock.

With this financing, 7-Eleven now is testing a 50-unit prototype market in Austin, Texas. The units have undergone changes that include new products and competitive pricing with many supermarket items.

Fresh sandwiches and salads are made and delivered daily to the area stores from 7-Eleven's new commissary.

Customer-friendly redesigns help c-stores meet evolving needs.

400

Wawa's deli facilities generate more than 50,000 sandwiches daily systemwide.

CIRCLE K
*1991 sales: $213.3MM***
400 ranking: 115
Segment ranking: 2

Phoenix-based Circle K Corporation filed its reorganization plan with the U.S. Bankruptcy Court in March 1992 after filing for bankruptcy in May 1990. The plan outlines provisions to lead Circle K out of Chapter 11 over a five-year period.

Part of the plan includes closing unprofitable stores (779 in 1991) and reinvesting in the remaining stores through modernized foodservice equipment and fountain areas.

WAWA
1991 sales: $139.9MM
400 ranking: 154
Segment ranking: 3

Wawa introduced a prototype store—Wawa's Store of the '90s—in November 1991. The store was designed for maximum efficiency and service, say executives for the Wawa, Pa.-based company.

The company will use the model, which groups merchandise by purchasing occasion, in the redesign of 70 more Wawa stores in 1992. Beverage and snack items are placed together, for example. **—B.M.**

CONVENIENCE STORES $2.5 billion

2.2% of all 400 commercial sales

TOP TRENDS

☐ Upgrading stores
☐ Emphasizing deli sandwiches
☐ Creating prototype stores as test units
☐ Targeting baby boomers
☐ Redesigning stores to get customers in and out more quickly

BEST PROMO

Wawa had the hoagie declared the official sandwich of Philadelphia through a promotion that secured 30,000 signatures to support the designation. The company celebrated by building a 500-foot hoagie on Hoagie Day, May 6, 1992. More than 100 Wawa employees participated in the event, 30 of which built the sandwich within six hours. Wawa, the largest hoagie retailer in the market, makes more than 174,000 hoagies weekly in its 485 convenience stores.

**R&I estimate

Cafeterias Battle To Keep Hold on Customers

Meal deals, ad campaigns and new designs keep patrons interested.

Squeezed at one end by the price-sensitive casual-dining segment and at the other by the value-crazy fast-food segment, cafeterias are struggling to retain market share.

With the exception of Morrison's and Luby's, the leaders in the segment report slumping sales and profits. For example, Piccadilly Cafeterias reported a net loss of $28.8 million for its fiscal third quarter ending March 31.

Most cafeteria operators are responding by increasing their presence in the advertising arena and with ploys such as all-you-can-eat programs. Morrison's is testing off-premises catering, while others are going back to the basics of the business.

LUBY'S CAFETERIAS
1991 sales: $330.4MM
400 ranking: 71
Segment ranking: 1

Luby's is the exception to the rule among cafeterias as it continues to expand, primarily in the South and the Midwest. The San Antonio-based chain will open 12 cafeterias this year.

For the first time in 15 years, the chain is considering an extensive television advertising campaign, according to Director of Marketing Vernon Schrader.

The menu remains virtually the same, although some items continue to receive more customer attention. For example, pasta entrees such as lasagna, fettuccine Alfredo and spaghetti are growing in popularity.

The cafeterias customarily take up 11,000 square feet. Since a test of a smaller unit saved money without hurting operational efficiencies, all new units will be about 10% smaller than the original.

continued on page 166

One of Luby's most popular entrees, the baked whitefish (haddock or cod) sells for $4.49.

CAFETERIAS
$1.8 billion

1.6% of all
400 commercial sales

TOP TRENDS

- ☐ Pasta! Pasta! Pasta!
- ☐ More vegetables and salads to meet demand for more healthful items
- ☐ Smaller buildings
- ☐ Conversions from straight line to scatter-system buffets

COMING UP

- ☐ Furr's: Expanding specialty restaurant group by converting struggling cafeterias into El Paso BBQ and Zookinis concepts
- ☐ Luby's: First extensive national television advertising campaign in 15 years

SALES STIMULATORS

- ☐ Morrison's: Testing off-premises catering at two units in 1992
- ☐ Furr's: All-you-can-eat price program
- ☐ Wyatt's: Coupons offering two entrees for the price of one
- ☐ MCL Cafeterias: "Hometown" entrees in $1.69 price range

continued from page 165

Furr's is concentrating on expanding its specialty concepts in '92.

MORRISON'S CAFETERIAS
*1991 sales: $306.4MM**
400 ranking: 80
Segment ranking: 2

To generate more income for its already-stable business, Morrison's is testing smaller cafeterias for smaller markets. Two scaled-down units will open this year.

Because kitchens account for 40% of the space in a typical Morrison's unit, the company also is looking for ways to sell more food at existing units. Four programs, including off-premises catering, are being tested to enhance sales.

Despite the tests, Morrison's is relying on its specialty dinner-house and contract management divisions for growth. "We do not see the cafeteria concept today as a growth vehicle for Morrison's," says E. Eugene Bishop, chairman and chief executive officer of Mobile, Ala.-based Morrison's.

PICCADILLY CAFETERIAS
*1991 sales: $275.0MM**
400 ranking: 89
Segment ranking: 3

After several quarters of uneven sales and declining profits, the Baton Rouge, La.-based chain has named a new president and adopted a back-to-basics philosophy.

"We're going against the flow in the cafeteria segment," says Director of Marketing Brian VonGruben. "The other players are changing their image and promoting meal deals. We absolutely are not doing that. We think the solution is to emphasize quality food, at a fair price, with a simple cafeteria-style operation."

The 48-year-old chain will place great emphasis on expansion in 1993, according to VonGruben, and is beginning to examine sites for expansion. New units are under construction in Memphis and Atlanta.

FURR'S CAFETERIAS
*1991 sales: $216.0MM***
400 ranking: 113
Segment ranking: 4

The beleaguered Lubbock, Texas-based chain is trying to change its fortunes with a new president and a new direction.

William Prather, former president of Hardee's Food Systems, was appointed president of the 142-unit chain in February. Once Furr's succeeded in restructuring a $170 million debt, Prather announced a change in advertising agencies and a new campaign to battle the fast-food value menus.

On April 1, the "All You Can Eat, All the Time" advertising campaign debuted. Two TV spots use humorous cafeteria-style scenes to drive home the chain's new fixed-price philosophy. Meal prices at all cafeterias now range from $4.99 to $5.49.

Furr's also is expanding its specialty restaurants, converting struggling cafeterias into casual-theme concepts called El Paso Barbeque and Zookinis. El Paso specializes in steaks and Southwest cooking and offers a full bar. Zookinis specializes in soup, salad and grilled items. It also serves beer and wine.

Director of Marketing Ken Turner says as many as 12 cafeterias could be converted to Zookinis or El Paso this year.

OLD COUNTRY BUFFET
*1991 sales: $207.0MM***
400 ranking: 120
Segment ranking: 5

For the eighth consecutive year, the Eden Prairie, Minn.-based chain posted record sales and earnings. Sales increased 35% and net earnings increased 39% to $11.1 million.

The chain has spent more than $25 million opening 20 company stores and converting 10 straight-line buffets to scatter systems. This year, the company plans to open 30 to 35 new units and convert eight to 10 more stores to the scatter system.

Chairman Roe Hatlen says spending in marketing increased 70% in 1991. Because of the success of that strategy, about 1.25% of sales will be directed to marketing in 1992. **—J.W.**

Furr's is converting struggling cafeterias into El Paso Barbeque units.

El Paso B beque Co.

*Company estimate; **R&I estimate

Health-Care Chains Shuffle Assets in Quest for Profits

Changing government regulations aren't the only thorns in the side of health-care foodservice departments. Most major chains still are dealing with the aftermath of expansion, buyouts and other assorted activities of corporate America in the 1980s and early '90s.

Health-care foodservice managers, more than patients, have felt the impact of this disruption and uncertainty. One long-time foodservice director who works for a large chain has had four different administrators in the last five years and says that he's getting tired of yearly adjustments to new managements' demands and priorities.

Financial machinations affect directors more than menus and patients.

400

Health-care chains find that pre-prepped foods result in more consistent final dishes.

And rising debt service (or financial self-interest in the case of LBOs) puts more and more pressure on all hospital departments, not only to raise revenue but also to cut costs. Departments are being consolidated and hospitals are taking over each other in an attempt to increase efficiencies.

Yet not all the news is bleak. Many hospitals are focusing on their profitable businesses, such as outpatient services. With added dollars, they're expanding and/or retiring debt.

What about menus? In most cases, they're decided by divisions or at unit levels. As a result, food trends tend to mirror those of the nation as a whole with allowances made for regional tastes.

UNITED HEALTH
1991 sales: $252.0MM†
400 ranking: 94
Segment ranking: 1

For increased consistency and efficiency, this Milwaukee-based company is implementing a prep-less kitchen concept using precooked, presliced and preportioned meat products of its own design.

The company also is instituting an employee empowerment program, which is

continued on page 172

HEALTH CARE
$1.6 billion

13.1% of all
400 institutional sales

TOP FOOD TRENDS

☐ Healthful meals such as grilled chicken

☐ Build-your-own meals such as hamburgers with toppings

☐ Ethnic meals, including taco salads

☐ Increased variety of baked goods

☐ More pre-prepped foods for greater consistency in final menu items

CORPORATE TRENDS

☐ Continued financial machinations affect directors more than the food they serve

☐ Increased emphasis on profitable divisions such as outpatient services

☐ Further consolidation of departments and trimming of corporate staffs

☐ Selective purchase of geographically desirable and profitable operations

☐ Expansion into ancillary services such as insurance and pharmacies

☐ Implementation of empowerment programs

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†Commercial equivalent

Profitable services such as pharmacies help chains expand and retire debt.

6oz LEVEL CUP .77
12oz LEVEL CUP 1.53
16oz LEVEL CUP 2.08

Employees continue to make up the majority of meals. This AMI facility stresses cheerful service to encourage business.

continued from page 171

being well received, says Wayne Goldman, corporate director of foodservice.

BEVERLY ENTERPRISES

*1991 sales: $239.5MM†***
400 ranking: 102
Segment ranking: 2

Due to increases in Medicaid patient rates and an increase in Medicare revenues primarily as a result of increased ancillary services, census and patient rates, Pasadena, Calif.-based Beverly saw revenue jump 11% in the first quarter of 1992 to $613,394,000, up from $551,501,000 for the first quarter of 1991.

NATIONAL MEDICAL ENTERPRISES

*1991 sales: $224.0MM†***
400 ranking: 109
Segment ranking: 3

In an attempt to continue to improve the financial and operating performance of its Psychiatric Hospital division, NME plans to sell, convert or close some of its 88 psychiatric hospitals and substance-abuse treatment centers.

The Santa Monica, Calif.-based company will centralize its principal health-care operations and strengthen its Psychiatric Hospital division to compete more effectively in this increasingly competitive segment.

The company also is rapidly expanding its outpatient and partial-hospitalization programs.

HOSPITAL CORP. OF AMERICA

*1991 sales: $142.8MM†***
400 ranking: 149
Segment ranking: 5

There's no doubt that CEO Thomas Frist is doing something right at this Nashville, Tenn.-based company. To thwart takeover attempts in 1987, he sold 104 smaller hospitals and bought back some of the company's stock. Two years later Frist took HCA private in a $5.1 billion buyout. He cut costs dramatically, saving almost $70 million annual.

During this time, the company spent $500 million, most on expanding outpatient facilities, which are generally more profitable than inpatient facilities.

The company exceeds industry averages with a 21% profit margin in its acute-care facilities.

Earnings for 1992 look good. All this means Frist plans to cash in on his management expertise by selling some of HCA to investors.

HUMANA

1991 sales: $112.0MM†
400 ranking: 182
Segment ranking: 6

On April 1, a subsidiary of Humana acquired 63,000-member HealthChicago Inc., bringing membership in the Humana Health Care Plan in the Chicago area to more than 300,000. The company owns and operates 79 hospitals.

MANOR HEALTHCARE

*1991 sales: $73.8MM†**
400 ranking: 237
Segment ranking: 8

Last year, seven new skilled nursing and rehabilitation facility centers were opened in the Washington, Philadelphia, Chicago, San Francisco and Tampa, Fla., areas.

The company plans to continue to focus on creating a stable and motivated work force by implementing a number of new human resource initiatives such as its "Employer of Choice" program.

The company also will be implementing a new customer satisfaction measurement system, a new compensation system linking incentive pay to levels of customer satisfaction ratings, and new training and education programs to improve customer-service training.

NATIONAL HEALTHCORP

1991 sales: $42.0MM†
400 ranking: 338
Segment ranking: 15

Murfreesboro, Tenn.-based National Healthcorp., which operates 84 health-care centers with a total of 10,424 beds, has its eyes on expansion. In mid-May, the company privately placed $30 million in convertible debt. Proceeds will be used to build more health-care centers in the Southeast and finance other properties.

Foodservice is increasing its emphasis on patients/residents as customers. In the coming year, the company plans to include patients and their families more in meal planning, says Augusta Walker, coordinator of dietary services. There also will be an emphasis on increasing restaurant-style service in a number of the company's nursing homes. **—Susie Stephenson**

*Company estimate; **R&I estimate; †commercial equivalent

Inmate Census Leaps Dramatically; Dollars Don't

The numbers are no less than staggering. The California prison system is running at almost 200% capacity. In some states, double-bunking is a fact of life. In fact, the correctional market has the fastest-growing population of any institutional foodservice segment.

But while inmate population is rapidly increasing, that's not true of the foodservice dollars being spent.

For example, the average population of the Los Angeles County jail district increased 31% from 1987 to 1989. During the same time, New York City's was up 52.9%, and Dallas County, Texas, more than 100%. Yet funds to correctional institutions are dwindling as federal and state governments continue to cut budgets. In some states, money is so tight that new prisons, for instance, the Union Correctional Institution in Raiford, Fla., are not opening.

Other government-funded institutions face similar situations, which are unlikely to improve any time soon.

CALIFORNIA DEPARTMENT OF CORRECTIONS

1991 sales: $288.4MM†

400 ranking: 85

Segment ranking: 1

The California system is 180% over capacity, says Food Administrator Don Barker. And with a state budget that is millions in the red, his staff has been cut and his challenge is to make better purchasing deals. Items popular with inmates include burgers, chicken and chicken-fried steak (made with tenderized rounds).

Shrinking budgets severely restrain the fastest-growing segment.

FEDERAL BUREAU OF PRISONS

1991 sales: $155.1MM†

400 ranking: 142

Segment ranking: 2

Nutrition information—that's one emphasis of the foodservice department of the Federal Bureau of Prisons. Nutrition information cards—with the amount of calories, fat, sodium and cholesterol per serving—now are placed on serving lines. This year, all federal institutions will implement a recycling program. In addition, the bureau is creating a master schedule for replacing major equipment. Standardized policies and procedures will permit replacements on a timely basis with appropriate funding ensured.

MICHIGAN DEPARTMENT OF CORRECTIONS

1991 sales: $81.9MM†

400 ranking: 223

Segment ranking: 7

There's double-bunking in this system, which means that the foodservice facilities are producing two-and-a-half times more food than they were designed to prepare. "The physical wear and tear on the equipment is tremendous," says Foodservice Administrator Gatha McClellan.

Yet here, as across the industry, there's been an emphasis on more healthful eating. For example, a switch to a 50-50 turkey-beef product has saved dollars and reduced the fat content of meals. Eggs are offered only once a week; skim milk and margarine are available. "We're trying to help inmates stay within 30% of their calorie consumption from fat and 300 milligrams of cholesterol," says McClellan. —S.S.

INSTITUTIONS
$1.5 billion

12.3% of all
400 institutional sales

TOP FOOD TRENDS

- ☐ Burgers
- ☐ Chicken-fried steak
- ☐ Boneless hams and turkeys to help control yield and portion size
- ☐ Skim milk
- ☐ Variety of more healthful offerings
- ☐ More beverage choices at meals
- ☐ From-scratch cookies

TOP CHALLENGES

- ☐ Cuts in government commodities
- ☐ Severe overcrowding
- ☐ Budget cuts
- ☐ Staff cuts
- ☐ Getting taxpayers to care about the well-being of market customers
- ☐ Implementing more bulk-purchasing programs to reduce costs

COMING UP

- ☐ Further computerization to tighten inventory controls
- ☐ More regional and statewide purchasing agreements

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†Commercial equivalent

Tightening Budgets Continue To Buffet School Foodservices

Presidential candidates espouse the merits of overhauling the nation's education system. The president of Yale University decides to leave this prestigious university to help Christopher Whittle, of Channel One fame, create a national private-school system. Columbia University struggles to determine what cuts to make to take out more than $72 million from its $1 billion budget.

There's no doubt about it. Schools everywhere are finding dollars harder and harder to come by, particularly as state budgets get tighter.

Whether foodservice departments are operating in the red or black, they're being asked to contribute to general funds as well as cover all their expenses.

> *Bigger, more interesting menus attract more customers and increase revenues.*

As financial pressures continue to mount, school foodservices in big and small districts are looking for ways to shave dollars from their expenses and add dollars to their sales. The same is true for most colleges and universities.

As a result, the foodservice departments of educational institutions are using labor more efficiently; costing out menu items more accurately; marketing more aggressively; and depending on databases to track trends. While some have brought in branded food, the decision has not been universal.

Many schools are trying to increase participation by adding and promoting breakfast programs, and by contracting out more of their services. Day-care centers seem to be the new market of choice.

Promotions have helped increase breakfast program participation in the Chicago Public Schools.

NEW YORK CITY
BOARD OF EDUCATION
*1991 sales: 363.9MM†**
400 ranking: 67
Segment ranking: 1

Popular menu items with New York City schoolchildren include oven-baked, grilled chicken patties and

continued on page 180

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*Company estimate; †commercial equivalent

EDUCATION
$1.3 billion

10.7% of all
400 institutional sales

TOP FOOD TRENDS

Schools
- ☐ Pizza for breakfast
- ☐ Juice drinks (a fruit component equivalent)
- ☐ Waffles
- ☐ Foods on a stick—French toast, cheesecake, hot dogs, etc.
- ☐ More a la carte offerings

Colleges and universities
- ☐ Stir-fries
- ☐ Poultry dishes
- ☐ International foods—particularly Thai

TOP STRATEGIC TRENDS

- ☐ Closing facilities
- ☐ Tightening meal-per-labor-hour ratios
- ☐ Costing menus more accurately
- ☐ Adjusting staffing formulas
- ☐ Expanding market
- ☐ Upgrading services
- ☐ Increasing participation through promotions

Schools are adjusting menus to meet the new dietary guidelines.

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Jamaican beef patties, in addition to such standard favorites as pizza, fish and hamburgers.

Joining the menu over the next year will be vegetable lasagna; chicken meatballs; chicken burritos; a turkey, ham and cheese sandwich with fewer than 400 milligrams of sodium; turkey chili; and two new rice dishes—rice pilaf and chicken and rice.

The emphasis this fall will be on training, in both food preparation and sanitation. Because of budget cuts, employees now are cross-trained so they can perform myriad foodservice functions.

LOS ANGELES UNIFIED SCHOOL DISTRICT

*1991 sales: $245.6MM†**

400 ranking: 97

Segment ranking: 2

Los Angeles is reducing expenses by adjusting the staffing formula for cafeterias. The changes will hold hours earned to 1989-90 levels even though both enrollment and participation have increased, says Assistant Deputy Director Carol Noelting. The same has been done with custodial and supervisory staff.

The department plans to expand its services by providing foodservice at 91 child-care centers operated by the district's Child Development Division. Foodservices will manage foodservice for these centers, formerly serviced by CDD staff. The department will offer breakfast, lunch and snacks at no charge to children.

Pizza, tacos and burgers are popular menu items with the district's customers. The district expects to add a granola breakfast bar made with commodity almond butter to the menu next year and a breadstick made with commodity cheese to supplement the department's spaghetti entree.

CHICAGO PUBLIC SCHOOLS

*1991 sales: $135.8MM†**

400 ranking: 158

Segment ranking: 3

John Costello, director, department of foodservices, and staff have been upgrading services, improving equipment and instituting a variety of cost controls. For example, the department has been studying the meals-per-labor-hour ratio to make sure it is operating as efficiently as possible and has cut back on staff where appropriate. The department also has added hot-meal service at 14 of the 22 schools that had only cold-pack lunches.

Good Nutrition Helps Children Learn
School Breakfast
CHICAGO PUBLIC S
DEPARTMENT OF FOO

New breakfast menus and greater emphasis on nutrition help Chicago students stay focused on studies.

It's also pushing participation in both breakfast and lunch through promotions. Although the district has been serving breakfast since 1966, the goal is to increase participation to 100%. Breakfasts vary according to facilities and food-preparation stations in individual schools. New breakfast menus include orange juice, breakfast pizza and white milk, and chilled fruit juice, hot waffles with butter and syrup, turkey-ham and white milk.

During National Breakfast Week, held March 3 through 6 this year, one school participated in a soup-for-breakfast promotion. A sample menu included vegetable soup, toast, chilled peaches, cereal and milk. Parents were invited to join their children for breakfast at a cost of just 75 cents.

DADE COUNTY SCHOOLS

*1991 sales: $104.6MM†**

400 ranking: 190

Segment ranking: 4

To help improve the health of Florida children, the Dade County school system

continued on page 182

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*Company estimate; †commercial equivalent

Thai will be the hot new food on college campuses next year.

continued from page 180

is testing a menu of low-fat, low-sugar, low-salt and high-fiber foods in seven schools. Dade County also is trying to increase revenue and customer satisfaction. For example, to increase dollars to the bottom line, a la carte offerings have been expanded in all 302 schools. Strategic changes planned for this year concern dealing with the state's austerity budget and further expanding the pilot nutrition/fitness program.

Michigan State University's strategy: Increased menu variety.

HOUSTON INDEPENDENT SCHOOL DISTRICT

*1991 sales: $64.1MM†**

400 ranking: 260

Segment ranking: 5

To make sure that foodservice is preparing foods that students actually want, this 232-serving-location district has ensured more customer involvement by implementing a volunteer committee participation program. The committee makes suggestions for menu and service changes. To increase sales, the department plans to implement more scatter systems in secondary schools.

PHILADELPHIA SCHOOL DISTRICT

*1991 sales: $56.1MM†**

400 ranking: 280

Segment ranking: 6

All eyes remain on Philadelphia, as it is one school district that has implemented a Universal Feeding Pilot Program. The most important change this district plans to make is further expansion of the breakfast program to all 144 of the district's serving locations.

MICHIGAN STATE UNIVERSITY

*1991 sales: $37.8MM†**

400 ranking: 364

Segment ranking: 11

Although lasagna is the most popular menu item on this East Lansing campus, Foodservice Coordinator Ted Smith says that students are becoming more interested in lighter foods. Stir-fries are in demand, he says, and he expects poultry dishes to become even more popular. Smith mentions that other international foods also will be showing up with increasing frequency on college menus, and he expects Thai food to be the next hot menu selection on college campuses across the nation. The overall emphasis? "More diversity, wider variety," Smith says. —S.S.

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*Company estimate; †commercial equivalent

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Gulf War and Recession Hurt, but Fun Reigns Again in '92

The combined effect of the Persian Gulf War and the recession depressed overall attendance and profits at domestic theme parks, especially Florida's Walt Disney World, Busch Gardens and Sea World. But 1992 has already shown vast improvement as the fear of travel dissipates and people stop delaying vacations. The airline wars in late May will have an incredibly positive effect on 1992 attendance figures as well.

Cruise ships seem to have fared better, with Carnival reporting higher occupancies over 1991 and a 12.5% increase in total revenue—even with discounting. With more lines adding ships, revenue should continue to rise.

> *Good news for the segment: People will take long-delayed vacations.*
>
> 400

On the food scene, nutrition is the buzzword—more fresh fruit, salad, fish and seafood, as well as low-calorie, low-fat entrees featuring chicken, lean beef and pork are joining menus. Much of the work toward more healthful foods occurs behind the scenes in kitchens and galleys, where herbs, wood-smoking, and herb-, fruit- and vegetable-infused oils add flavor instead of fat.

WALT DISNEY WORLD CO.

*1991 sales: $531.0MM***

400 ranking: 47

Segment ranking: 1

Euro Disney opened April 12 with 30 attractions, 30 restaurants (several sporting distinctly American themes such as the Wild West) and 5,200 rooms in six hotels. By 1995, an MGM Studios theme park with attractions and movie- and TV-production facilities will be complete.

The commitment to nutrition is strong at Disney, Lake Buena Vista, Fla. Fresh-fruit sides have joined fries, the chili on the chili mac is vegetarian, and grilling is as popular as frying.

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At Disney's Sci-Fi Theater, healthful comfort foods include turkey sloppy Joes and sandwiches on seven-grain bread.

Sci-Fi
a galaxy of taste treats

RECREATION
$1.2 billion

1.1% of all 400 commercial sales

TOP TRENDS

☐ Healthful food: More grilled items, salad
☐ Value for the money: Recession-sensitive customers are willing to spend but the food better be good
☐ Comfort food—meatloaf, pot pie, chili mac—but with a more healthful twist: sides of fruit or cucumber salad
☐ More authentic, regional interpretations of ethnic foods
☐ Pan-smoking
☐ More herbs, spices, infused oils
☐ More themed restaurants: American West, Caribbean, South American

NEW MENU ITEMS

☐ Leiserv: Value deals (burger, sub, ham and cheese, etc., with fries and soft drink for $2.99)
☐ Disney: Dishes with reductions of vinegars and infused oils instead of heavy cream sauces
☐ Carnival Cruise Lines: Spa Selections—salad, entree and dessert with reduced sodium and calorie content

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**R&I estimate

continued from page 185

Despite fast-food popularity, nutritious foods sell well.

CARNIVAL CRUISE LINES

*1991 sales: $135.4MM†***

400 ranking: 160

Segment ranking: 2

Passenger capacity increased 15%, mostly with the launch of the Miami-based fleet's newest ship, 2,600-passenger Ecstasy, in June 1991. Two more ships equal in size are scheduled for 1993 and 1994.

In November 1991, Carnival adopted a formal plan to sell its Crystal Palace Resort and Casino in the Bahamas. (It lost $33 million net in operations last year). The Gulf War and the recession are blamed for lower attendance and the division's subsequent poor profit showing.

Healthful foods still are in demand. "Spa Selections," which are lower in calories and sodium, include oven-roasted chicken with rosemary, and poached salmon fillet with dill butter.

BUSCH ENTERTAINMENT

1991 sales: $108.0MM

400 ranking: 186

Segment ranking: 4

A joint-venture agreement signed with a Spanish holding company and amusement-park operator, Tibidabo, means a new theme park and resort near Barcelona by 1995. The park, the largest in Southern Europe, will have a resort component modeled after the St. Louis-based company's Kingsmill Resort in Williamsburg, Va.

UNIVERSAL STUDIOS

1991 sales: $40.0MM

400 ranking: 351

Segment ranking: 9

At Universal Studios, Orlando, Fla., patrons are ordering more nutritious foods—salads, grilled kebabs, fruit plates—but officials point out that park visitors are on vacation, so burgers, hot dogs, fries and pizza always outsell other foods. Comfort foods are great sellers. Such items as chili, spaghetti, potato salad and lasagna are in demand for two reasons: They are familiar to a wide cross-section of people and they are made well, according to Executive Chef Steve Jayson. "People are willing to spend, but the food has to be a really good value for the buck." That's why his staff makes pizza with whole-milk mozzarella, house-made dough and fresh herbs, for example.

According to Jayson, the park is likely to add an American barbecue concept by next spring. —B.L.

**R&I estimate; †commercial equivalent

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For information circle 82

Retailers March to Different Drummers but Same Up Beat

Price/value, light-healthful and kids' stuff set tempo for two-tiered segment.

400

With one exception, retailers fit neatly into two categories: the sturdy giants such as K Mart, Wal-Mart and Woolworth that capitalize on price/value menus and quick service, and the upscale department stores such as Dayton's, Hudson's and Nordstrom that captivate with stylish restaurants, boutique food bars and *au courant* carry-out. Straddling both worlds is Target Stores, which holds the line on prices while taking a high-profile food-court approach to foodservice.

K MART

1991 sales: $326.0MM

400 ranking: 72

Segment ranking: 2

The Little Caesars Pizza Station units in new and refurbished K marts enjoy strong sales and traffic, says Pat Beaupre, director, Eatery Express and Specialty Food Operations. About 200 of 400 projected in-store restaurants are open. Eatery Express (grilled sandwiches, soft drinks, snacks, fast-food favorites) replaces cafeterias and delis in new and remodeled units without Little Caesars operations.

Dessert sales were flat in '91; the Troy, Mich.-based chain attributes customers' tightened purse strings and renewed concern for health. K mart appealed to value-conscious customers with its Super Value Menu and to the health-conscious with salads, a grilled chicken sandwich and lower-sodium processed meats.

The Pizzeria is one of five Skyroom concepts at Dayton's, Minneapolis, where food is made to order.

Pizza and Pasta
PIZZA

WOOLWORTH

1991 sales: $140.0MM

400 ranking: 153

Segment ranking: 3

Woolworth, New York, reports success with regional variations on its standard menu. J.B. Smith, director of operations, cites as popular the vegetable platter in the Southeast and chicken-fried steak in Texas. Sales of chicken and seafood salad in

continued on page 192

RETAIL
$1.2 billion

1.0% of all
400 commercial sales

TOP TRENDS

☐ Meeting customers' price-sensitivity by holding the line on menu prices

☐ Sending price/value messages with special-price menu promos, free beverage refills, complimentary hot breads, samples of new items

☐ Looking for light: active search for menu items lower in calories, fat, sodium, cholesterol; chicken top choice

☐ Revamping kids' menus, revitalizing menu promos; theme of the year is ecology

☐ Resurgence of foodservice in department stores

BEST PROMOS

☐ K mart: Super Value Menu (selected soup, salad, sandwich, snacks and dessert items at 99 cents each)

☐ Woolworth: Chicken Catalina (with broccoli cheese sauce) dinner or sandwich

☐ Target: Kids for Saving the Earth Fun Meal (ecology-theme meal with beverage, choice of sandwich, fries and premium for $1.99)

Dayton Hudson's adds value with fresh-baked bread and free beverage refills.

continued from page 191

pita pockets are up. Dessert sales were slower than the previous year, despite low prices and large portions.

DAYTON HUDSON DEPARTMENT STORES

1991 sales: $95.0MM
400 ranking: 202
Segment ranking: 4

Dayton Hudson stores continue to dazzle shoppers by staying a step ahead of trends. Foodservice alerted housewares to juicers (now a hot-selling appliance) through fresh juice bars launched in spring 1992. Dayton's and Hudson's stores in the Minneapolis-based chain have food boutiques in the Marketplace retail sections, as well as a devoted following for the Marketplace Lites and a fanatical corps of dessert and candy customers.

Dayton Hudson does not plan to raise prices in 1992. Two restaurant programs are value-added: the fresh-baked bread program (complimentary to the table, no limits) and beverage program (free refills without asking for all nonalcoholic beverages, milk included).

TARGET

*1991 sales: $80.0MM**
400 ranking: 225
Segment ranking: 5

The Food Avenue food-court concept launched in fall 1990 is working as well in smaller units of 1,500 to 1,900 square feet as it did in the 3,800-square-foot pilot unit, says Al Hodges, director of food operations for the Minneapolis-based chain. The smaller units offer four food concepts (yogurt/snacks, pizza, grilled sandwiches, and salads/deli) in a cluster-type menu.

Hodges says Target foodservice is searching out new items for health-conscious customers. He cites the new turkey sandwich and several new salads and low-calorie dressings as examples.

—Nancy Ross Ryan

*Company estimate

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SERVING THE TOTAL FOODSERVICE INDUSTRY [illegible] JULY 22, 1992

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Wendy's Jim Near

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VOL. 102, NO. 17

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GREAT GROWTH CHAINS

The industry's highest fliers share their secrets for soaring in today's turbulent market.

Subway hurtles toward 8,000-store mark.

Spaghetti Warehouse has big franchise plans.

California Pizza Kitchen, PepsiCo team.

The Olive Garden wins with local focus.

Comparing this year's Great Growth Chains reveals one truth: There are many roads to success. Still, our 20th group of growth chains shares some important traits, among them a strong value orientation and a well-defined niche in the marketplace.

At Chevys and Outback, fun, rustic decors keep capital costs low and help both chains deliver value. Checkers' modular buildings achieve the same result. Both Checkers and Outback offer operating returns on investment approaching an incredible 40%. And Outback's food costs run 40% of sales, among the highest in its segment.

With its oversized portions, moderate prices, and bottomless soups and salads, The Olive Garden is another chain setting standards for value. And Golden Corral highlights value with its all-you-can-eat Golden Choice Buffet.

Because company stores provide greater returns than do franchised units, most of *R&I*'s Great Growth Chains are accelerating company-store development. Applebee's says it will raise company restaurants to 40% of its system from 12%. Checkers' long-term strategy calls for increasing company stores to 50% of its system from its current 35%. Outback plans an acquisition of its joint-venture partner in Washington, where eight Outback Steak Houses are open or soon to be. And The Olive Garden, Cracker Barrel and Chevys open company stores exclusively.

Is franchising falling from favor? Not likely, operators say. Although complex concepts like The Olive Garden extol the quality control of company operations, franchising is going strong. Franchisor Subway has boomed with its low-cost, easily replicated format. And Applebee's has created a new financing pool to help encourage existing and potential franchisees to build new stores. Golden Corral and Checkers both are selling new franchises, and Spaghetti Warehouse recently signed its first franchise agreements. —**Rajan Chaudhry**

1992 ALL STAR GROWTH CHAINS

APPLEBEE'S NEIGHBORHOOD GRILL & BAR
Kansas City, Mo.

CALIFORNIA PIZZA KITCHEN
Los Angeles

CHECKERS DRIVE-IN RESTAURANTS
Clearwater, Fla.

CHEVYS MEXICAN RESTAURANTS
San Francisco

CRACKER BARREL OLD COUNTRY STORE
Lebanon, Tenn.

GOLDEN CORRAL FAMILY STEAK HOUSE
Raleigh, N.C.

THE OLIVE GARDEN
Orlando, Fla.

OUTBACK STEAK HOUSES
Tampa, Fla.

SPAGHETTI WAREHOUSE
Garland, Texas

SUBWAY SANDWICHES & SALADS
Milford, Conn.

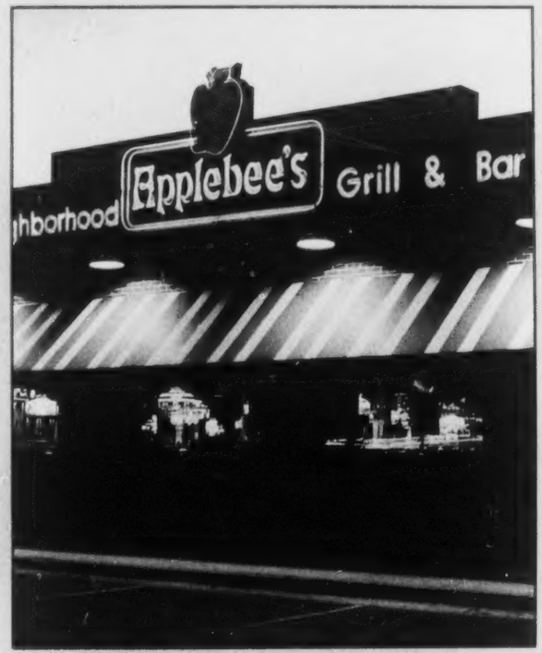
continued on page 94

continued from page 87

Applebee's ups the number of company-owned stores to cash in on its success.

Applebee's International, Kansas City, Mo., has a lofty goal: to become the leading and most successful chain of casual-dining restaurants. The company's plan to expand company-owned stores and franchise operations to accomplish this mission is well underway; 1992 already has seen 27 new Applebee's Neighborhood Grill & Bar units and 12 more are under construction.

This aggressive expansion comes after a very good year—the chain posted a 27% sales increase, to $290 million, in 1991. To keep up the pace of 40 to 50 new units a year, however, Applebee's is seeking investors to fund franchisees, says Chief Operating Officer Kenneth Hill.



Applebee's Neighborhood Grill & Bar units are presently primarily franchise operated (above). Company President Abe J. Gustin (L.) has been a director of Applebee's International since it was formed in 1988.

LEADERSHIP

- Abe J. Gustin has been a director of Applebee's since the chain's inception in September 1983. He also served as chairman until January 1988 and vice president from November 1987 to January 1988. He became president in January 1988, when he led a group of investors in buying Applebee's from W.R. Grace.
- Kenneth Hill, executive vice president and chief operating officer, worked for 17 years at Gilbert/Robinson—12 of them as president—during which time the Kansas City, Mo.-based company developed Houlihan's. He also served as president and CEO of T.J. Cinnamons Ltd. from 1985 to 1990.

GROWTH

- At the end of 1991, had 191 units, 23 of which were company-owned.
- So far this year, 27 units have opened and 12 more are under construction.
- The mix of company-owned to franchised stores will increase to 40% from 12% in next five years.
- 1991 net earnings were $3.81 million.

MENUS & MARKETING

- The mid-priced menu is somewhat limited to ensure quick service.
- 60% of the menu is fixed and 40% is available to be customized by franchisees from a company-tested and -approved list.
- Riblets (barbecued custom cuts of pork) are the top-selling entree. In company-owned restaurants, the riblet platter sells for about $7.79 and the basket, about $5.69.
- Marketing efforts revolve around five food-specific campaigns per year, two of which are backed by national advertising.
- Company-owned stores have only increased prices 1.5% in three years.

LABOR

- Managers and executive management have an incentive bonus program based on store operating data.
- Franchisees have flexibility to build free-standing, end cap or regional mall units. Franchise start-up costs average $850,000, excluding real estate.

CHALLENGES

- Hill says franchise financing and the availability of cash are Applebee's biggest challenges. The company is developing a pool of funds from investment sources outside the company.

—Brenda McCarthy

continued from page 94

California Pizza Kitchen capitalizes on a PepsiCo partnership with plans for free-standing units.

"We didn't get bought, we got bought into," says Larry Flax, California Pizza Kitchen's co-president, of the company's partnership with PepsiCo. The fifty-fifty partnership formed in May 1991 has the Beverly Hills, Calif.-based company poised for growth. CPK is eager for the freedom PepsiCo's real estate resources will allow them in site selection. For the first time in the company's seven-year history, expansion will concentrate on free-standing units.

The prototype free-standing unit, opened in June in Solana Beach, Calif., serves CPK's evolving menu of specialty pizzas—including cheeseless varieties—pasta and salads in a 150-seat, 5,000-square-foot restaurant.

With four more units to be added in 1992, CPK projects sales for all units to reach $77 million. They ended 1991 with sales of more than $50 million.

LEADERSHIP

Larry Flax and Rick Rosenfield are co-chairmen, co-presidents and CEOs of CPK. They both are trial lawyers, and their only restaurant experience is as customers. They met in the U.S. attorney's office in 1971, and in 1973 formed their own practice. After many conversations that evolved into the CPK concept, they opened their first unit in 1985.

An eclectic spread of California Pizza Kitchen's signature pizzas (above). (L.) Larry Flax (l.) and Rick Rosenfield sit at the newest free-standing unit in Solana Beach, Calif.

GROWTH

- First unit opened in Beverly Hills in 1985.
- Now operating 26 units.
- Will open another four in 1992.
- Will open a minimum of 15 in 1993.
- Will open a minimum of 24 in 1994.
- Opening in new markets, but also clustering existing ones, such as Atlanta; Glendale, Calif.; and Honolulu.
- Most units are in malls, but company now is adding more free-standing units.

MENUS & MARKETING

- Sells pasta dishes, salads and eclectic pizzas cooked in wood-fired ovens.
- All items cost less than $10.
- Tries to marry the flavors and food preferences of the American palate with the "canvas" of pizza dough.
- Have recently added more purely Italian pizzas—to follow America's love affair with Italian food.
- Marketing strategy depends almost solely on word of mouth.

LABOR

- Describes its corporate culture with the acronym ROCK—Respect, Opportunity, Communication and Kindness.
- Recent purchase by PepsiCo is initiating new non-stock incentive plans: cash bonuses, profit-sharing and pension plans.
- Managers have a ground-floor opportunity in the company.
- Promotions come to the corporate level from the restaurant management level.

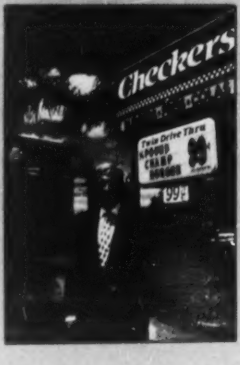
CHALLENGES

- Growth itself will challenge the maintenance of quality in service and product, which are so heavily depended upon to generate word-of-mouth advertising. Also, increasing use of wood-fired ovens by competition decreases the novelty of CPK's pizzas. **—B.M.**

continued from page 98

Low-price food and low-cost units add up to big success for Checkers Drive-In Restaurants.

The broadening of menus at traditional burger chains has created new opportunities for strong niche players. Checkers Drive-In Restaurants—a double-drive-thru concept offering a limited menu, quick service and low prices—is among a handful of rapidly growing burger chains taking fast food back to its roots. For 1992, Checkers projects a 114% increase in systemwide sales to $157 million.



(Above) Checkers uses modular buildings to keep investment costs down. As a result, the chain's unit economics are among the best in the industry. (L.) Checkers President and Chief Executive Officer James Mattei.

LEADERSHIP

- Herbert G. Brown, 68, chairman since February 1989. For more than 40 years prior to July 1988, served as chairman of Brown Furniture Stores. Selected as Florida's Retail Entrepreneur of the Year, 1991. Elected to Tampa Bay Business Hall of Fame, 1992.
- James E. Mattei, 43, co-founder. Chief executive officer since February 1989 and president since April 1990. Chairman and president from the company's inception through January 1989.

GROWTH

- The chain, with more than 150 total restaurants, is on track to add 101 units this year, mostly in the Southeast.
- Proceeds of about $36 million from a recent public stock offering will provide funds for accelerating company-store development. According to Chief Financial Officer Paul Campbell, long-term plans include raising company-owned units to 50% of the system from the current 35%.
- The company also derives revenue through its subsidiary, Champion Modular Restaurant Co., which manufactures the system's buildings.
- Systemwide sales swelled 104% to $73.5 million in 1991.
- Units grew by 61, or 109%, to 117.
- Net income advanced 125% to $3.3 million.

MENUS & MARKETING

- Limited, consisting of quarter-pound hamburgers, cheeseburgers, bacon cheeseburgers, seasoned fries, hot dogs, chicken and fish sandwiches, soft drinks and old-fashioned premium milk shakes.
- Burgers are normally priced from 99 cents to $1.99. Average check is $3.40.
- The company's goal is to develop enough units in each market to use radio and, in some cases, TV ads.
- Because of the chain's low penetration in most markets, advertising is generally store-level.

BUILDINGS

- The company's unit economics are among the best in the business. Exclusive of land and franchise fees, buildings cost $438,000, resulting in about a 2-to-1 sales to investment ratio.
- Restaurants use 1950s art deco diner theme. All feature black and white tile in a checkerboard pattern, glass-block corners and red aluminum columns ringed with white neon lights.
- Systemwide, average unit volumes run $919,000.

LABOR

- Monthly bonuses for unit managers and assistant managers are based on sales and profits. To qualify, managers must undergo corporate review and units must score at least 85% in the areas of hospitality, service, quality and cleanliness.
- A stock option plan also extends to the unit manager level.

CHALLENGES

- Increasing competition within niche from specialists like Rally's and PepsiCo-owned Hot 'n Now, as well as from established burger chains like McDonald's and Burger King that are testing the double-drive-thru format. **—R.C.**

continued from page 102

Chevys' "Fresh Mex" pledge attracts loyal customers and staff—and pays off in profits.

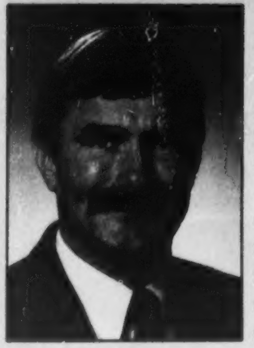
The first item customers spy on the menu at San Francisco-based Chevys is its "Fresh Mex" pledge. The no-cans, no-frozen meats, cholesterol-conscious Mexican restaurant runs a higher food cost putting all-fresh items on the tables, but management says it's paying off. In 1991, total sales were $70 million; since Day One the company has been debt-free.

Chevys CEO Mike Hislop admits that the higher food cost gives atmosphere second priority. But the chain puts less money into its friendly, border cantina-style buildings for another reason: The casual, kid-friendly (and -proof) atmosphere helps attract the target customers, 25- to 49-year-olds with children. An even stronger draw is the kid's menu added this year: All items are priced below $2.95, and offer the same fresh ingredients as the adult menu.

The Fresh Mex pledge extends to the chain's marketing efforts, too. In 1991, Chevys came up with Fresh TV. The commercials were shot, edited and aired all in the same day—and never were used again.

LEADERSHIP

Mike Hislop, CEO, Chairman of the Board and President, joined Chevys in April 1991. He spent eight years as CEO of the Restaurant Enterprises Group's El Torito, and was a regional manager of T.G.I. Friday's for three years before that.



The Plato Gordo (above) from San Francisco-based Chevys is a three- to four-person serving of beef, chicken, quail and jumbo shrimp fajitas. CEO Mike Hislop (l.) helped the six-year-old chain post average unit volumes of $2.5 million in 1991—with ten new units opening in the same year.

GROWTH

- First unit opened in 1986.
- Currently operates 34 units.
- Opened 10 in 1991.
- Opening five in 1992.
- Will open 15 in 1993.
- Stopped Northern California expansion in 1992 and started in Southern California.
- Will expand to other states in 1993.
- Operates store-front and free-standing units.

MENUS & MARKETING

- "Fresh Mex" pledge: Flour tortillas are served within three minutes of baking; no frozen meats are used; salsa is made hourly; foods are fried in cholesterol-free canola oil; guacamole is made daily from fresh avocados; tamales are hand-made each morning; fresh lime juice is used in the margaritas and other drinks.
- Food cost is in the mid-30s—4% to 5% higher than most Mexican chains.
- All lunch items cost between $4.95 and $6.95.
- Dinner prices range between $6.95 and $13.95.
- Fajitas are the top seller.
- Marketing efforts are highlighted by its award-winning "Fresh TV" commercials—the commercials were shot and aired on the same day.
- Billboards and cab tops round out the grass-roots marketing program.

LABOR

- Runs only company-owned stores.
- All new employees have a three-month training period.
- All employees are empowered to guarantee customers 100% satisfaction.
- All general managers and kitchen managers own stock in the company.
- Manager turnover is "practically nonexistent."
- Managers have five-day work weeks.
- Each restaurant has five or six managers.
- Chevys' store shopper program has an unidentified "shopper" rate the stores for cleanliness and overall service.
- Manager bonus program is based on store sales, profits and store shopper scores.

CHALLENGES

- High food cost and high labor cost, while attracting loyal customers and employees, might work against Chevys in an uncertain economy. **—B.M.**

continued from page 106

Old-fashioned ideas fuel Cracker Barrel's out-of-sight sales growth and profit increases.

Consistency in food and service keeps Cracker Barrel customers coming back. (L.) CEO Dan Evins started the chain by offering home-cooked food to his gas-station customers.

Jack's beanstalk couldn't grow much faster than Cracker Barrel Old Country Stores. Last year, the Lebanon, Tenn.-based chain managed to increase sales 33%, while it watched its profits shoot up 50%.

It's not magic, though, that feeds the chain's expansion. In fact, there's nothing new or unusual about the chain's menu and marketing strategies. "The thing that sets us apart is that we don't change things much. We're predictable," says O.E. Philpot, vice president of marketing. That consistency keeps customers coming back, too. In a survey this past spring, more than 90% of customers said they would return to the restaurant.

LEADERSHIP

- Dan Evins, president and CEO, founded Cracker Barrel in 1969, after acting as president and CEO of Consolidated Oil. How did he get into the restaurant business? Evins decided that home-cooked food was the best way to lure folks into his gas stations.
- Jimmie White, senior vice president and CFO since 1985.
- Don Turner, senior vice president and COO since 1979.

GROWTH

- After grossing more than $300 million in sales last year, the chain hopes to increase that number by adding 21 new stores this year.
- Will continue building along the interstate, and might target more tourist destinations for new sites.
- 127 current units, all company owned.
- 18 stores opened in 1991.
- Unit volumes average $2.7 million for the restaurants and $675,000 for the gift shops.
- Unit size: 9,700 square feet, 176 seats.

MENUS & MARKETING

- Best sellers on the menu are the same old favorites: chicken and dumplings ($5.19), country fried steak ($5.49), and the roast beef dinner ($6.99). "As a category, our country meal plates sell best," says Mark Tanzer, vice president of product development.
- The chain's gift store, which sells everything from candy to wood crafts, is responsible for 20% of total sales, says Philpot.
- Due to its locations along the interstate, the chain uses outdoor billboards for an estimated 55% of advertising. Total advertising costs are 2% of annual sales.

LABOR

- Each Cracker Barrel unit has one general manager, a minimum of three associate managers, a gift shop manager and approximately 85 employees on two shifts.
- All managers are required to take a 10-week training course at company headquarters.
- By completing certain training, all employees have the opportunity to earn "additionals," including selection of vacation days, insurance benefits and employee stock options.

CHALLENGES

- Publicity over the firing of homosexuals has made Cracker Barrel a target of gay-rights protesters and might come back to haunt the chain as it expands.

—Karen Cheney

continued from page 108

Golden Corral sees golden opportunities with its new Metro Market unit.

Golden Corral's marinated steak (above) is one of the restaurants' more popular entrees. (L.) CEO and President Theodore M. Fowler has served as a director of the company since 1984.

Raleigh, N.C.-based Golden Corral has created a growth concept that fulfills its mission statement of "making pleasurable dining affordable" while beefing up its bottom line.

Its Metro Market unit, a new 10,000-square-foot restaurant that seats 450, has twice as many seats as its smaller stores. It also is designed with the customer in mind. More than 100 items are available on the Golden Choice Buffet, the centerpiece of the restaurant, including fresh-from-the-oven baked goods made in the customer's view.

With the Metro Market as its primary growth vehicle, Golden Corral plans to top 1991's systemwide sales of $449 million, a 27% jump over last year's sales.

LEADERSHIP

- James H. Maynard is Golden Corral's treasurer and chairman. He was first elected a director of the steakhouse chain in 1972, the same year he co-founded Golden Corral Corp.
- Theodore M. Fowler is president, CEO and a director. He has served as a director since 1984, the year he was promoted to president. From 1981 to 1984, Fowler was Golden Corral Corp. vice president.

GROWTH

- Opened first unit in 1973.
- Now operates 350 company-owned units and 80 franchised units.
- The company's growth vehicle is its larger Metro Market unit—a restaurant that seats approximately 450. Over the next two years, 60% to 70% of the franchised units that open will be Metro Markets.

MENUS & MARKETING

- Emphasis is on quality food such as USDA choice-grade beef.
- Menu boards are used instead of table menus.
- The Golden Choice Buffet is the highlight of the restaurant. It holds 120 to 170 all-you-can-eat items and is ordered by more than 50% of customers.
- Customers can choose between the Golden Choice Buffet and a plated entree.
- The Brass Bell Bakery is part of the buffet and serves freshly baked goods from a display area.
- Metro Market store all-day checks average $5.50. Small store (5,000 square feet) checks average $6.
- Most media decisions are made locally, but the company provides a complete radio, TV and print program.

LABOR

- In company-owned units, partner managers may purchase up to a 20% interest in the restaurant.
- Franchisees operate under a standard agreement and pay a 4% royalty fee.
- Franchise start-up fee for a small restaurant is $20,000. For the Metro Market unit, $40,000.
- Total franchise start-up costs average $1.8 million.
- Wait staff is empowered to guarantee 100% customer satisfaction.

CHALLENGES

- The cost of land and building equipment for continued development of 10,000-square-foot units is one barrier to growth. Maintaining quality and the perception of quality on a large scale also will challenge the company. —B.M.

continued from page 110

The Olive Garden is winning America with big portions, modest prices and "hospitaliano."

The Olive Garden, Orlando, Fla., is living proof that top chains can grow quickly without sacrificing standards.

One key to the chain's success is its ability to blend the hospitality of a neighborhood restaurant with the efficiencies of a chain. "We look at The Olive Garden as a series of individual restaurant businesses, which, when added together, equal one business," says Charles Tate, vice president of consumer affairs.

LEADERSHIP

Ronald N. Magruder, president since 1987. Joined General Mills' Red Lobster chain in 1972. He was named vice president, international growth and development, overseeing Red Lobster's expansion in Japan and Canada, in 1981.

GROWTH

- During the year ended May 1991, The Olive Garden opened 71 restaurants, bringing its total to 341 in the United States and Canada. In the United States alone, the chain plans to add 60 restaurants this year.
- During its most recent fiscal year, U.S. sales advanced 32% to $807 million.
- All stores are company-owned and -operated.

MENUS & MARKETING

- Television—local spot buys—is the chain's primary advertising medium.
- The Olive Garden holds three "menu events" a year, featuring regions of Italy. They are designed both to keep the menu fresh for regular customers and to attract new guests.
- The chain also stresses regional and store-level marketing. It employs two dozen public relations agencies nationwide to assist local marketing managers with community events and tie-ins.
- The Olive Garden's signature items include house-made pasta, garlic breadsticks and bottomless garden salads as well as bowls of house-made soup.
- Lunch prices range from $3.95 for all-you-can-eat soup, salad and breadsticks, to about $7. Entree prices at dinner run $7 to $13.
- As with its marketing, the chain localizes its menu. The Olive Garden often has more than 100 different menus in circulation at any one time, says Tate.

(Above) The Olive Garden's signature menu items include house-made pasta, garlic breadsticks and bottomless garden salads. (L.) President Ron Magruder.

LABOR

- Even in the area of labor, the focus is local. It hires all its managers from areas surrounding its stores. Unlike most chains, The Olive Garden does not relocate its managers, he says.
- Managers incentives are based on gross sales and operating profits. They can earn bonus money for high quality-assurance scores.
- Servers receive raises when they pass $25,000 in sales and again at $50,000, $100,000 and each $100,000 thereafter.
- The Olive Garden often staffs higher than many of its competitors, adding extra people to each shift to ensure that service won't suffer if the restaurants receive a surge of guests.

CHALLENGES

- Staying in touch with its customers and maintaining the culture that has made the chain dominant in its segment. The Olive Garden recognizes the importance of the intangible in its mission statement and gives it a name: "Hospitaliano." —**R.C.**

continued from page 112

Outback tries to strike the competition with explosive growth and a meat-and-potatoes menu.

(Above) Outback's Bloomin' Onion. (L.) J. Timothy Gannon (from l.), Robert T. Basham, Chris T. Sullivan.

Tampa, Fla.-based Outback Steakhouse lifts its name from the Australian landscape and its menu concept from American favorites. The combination has made the four-year-old company one of the leaders in the burgeoning breed of steakhouses entering the casual-dining market.

What's casual? The decor—cheerful with Australian accents. And the prices—check averages hover around $15, including liquor.

"We're very food-driven, value-driven and service-driven. That's why we're doing well," says Robert T. Basham, president and CEO of Outback.

"Well" is an understatement. Outback's growth could be described as explosive. It has grown from one unit to 60 in four years. During a time when "healthful food" is making headlines, customers are forming lines outside of Outback units to buy their specially seasoned steaks.

Those lines translated to $91 million in sales for 1991.

LEADERSHIP

- Outback's co-founders, Chairman and CEO Chris T. Sullivan and President and COO Robert T. Basham, followed nearly matching foodservice paths prior to their current Aussie venture. Both worked as founding stockholders, directors and vice presidents for Sunstate Restaurant Corporation, which developed, as a franchisee, 17 Chili's Grill & Bar restaurants. Chili's acquired the franchisee in January 1987. Sullivan left and Basham became Regional Operations Director for Chili's until August 1987, when they started Outback. Prior to Sunstate, both worked for Bennigan's. Both also began their restaurant careers as manager trainees at Steak & Ale; Sullivan in 1972 and Basham in 1973.
- J. Timothy Gannon, vice president of operations, joined the company in January 1988. From 1984 to 1987 he was a restaurant group vice president and director of development for Al Copeland Enterprises. From 1973 to 1974 he worked at several restaurant chains. His restaurant career also began as a manager trainee at Steak & Ale in 1973.

GROWTH

- Opened first store in March 1988.
- Opened 26 in 1991.
- 60 units are now operating.
- Plans to open 30 per year until 1995.
- Went public in 1991.
- Systemwide sales increased 167% in 1991.
- In 1991, net income increased to $5.2 million (52 cents per share) from $2.4 million (28 cents per share).

MENUS & MARKETING

- 60% of the menu is beef.
- Menu also offers chicken, ribs and pasta.
- Biggest selling appetizer is the Bloomin' Onion ($4.90), which makes up more than 60% of "Aussie-tizer" orders.
- Dinner-only menu.
- Food cost is a little more than 40%.

LABOR

- Most units are company-owned, some franchised and some fifty-fifty joint ventures.
- Every general manager pays $25,000 for 10% equity interest in the restaurant, which they receive in addition to salary.
- Area managers also have an equity interest in the units in their areas and handle hiring and marketing on a local basis.

CHALLENGES

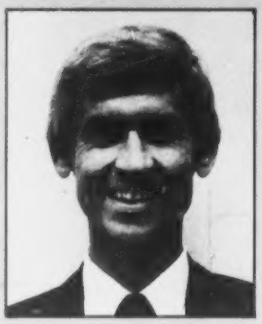
- Basham says the factors beyond Outback's control—the government and legislation—are the biggest foes to potential growth. High food costs and the impact of inflation also could have an adverse affect in the future with possible price increases resulting. **—B.M.**

continued from page 114

Spaghetti Warehouse hits the growth curve running with an eye on new geographic markets.

Spaghetti Warehouse, Garland, Texas, has offered home-style cooking at low prices in downtown areas since 1972. After a gradual growth period leading to its current stable of 25 company-owned units, it is hitting a strong growth pattern of opening 30% to 33% more units each year. Fueled by an average unit volume of $2.6 million and systemwide fiscal 1991 sales of $43 million, Spaghetti Warehouse is expanding to new geographic areas.

Franchising is on the horizon, too, as of June, when it acquired Old Spaghetti Factory (Canada) Ltd. for $3.77 million (U.S.). The two concepts are very similar, and the acquired subsidiary will not be altered in concept, decor, menu or operating style.



(Above) Spaghetti Warehouse, Garland, Texas, serves up home-style Italian food at low prices. President and CEO Lou Neeb (l.) joined the chain in July 1991.

LEADERSHIP

Louis P. Neeb, president and CEO, began his restaurant career after 10 years of working in the federal government under the Nixon and Johnson administrations. In 1973 he became chief operating officer at Steak & Ale. In 1980, he became chairman and chief executive of Burger King, then owned by Pillsbury. Two years later he joined W.R. Grace Company's fast-food division, which developed into Applebee's. He left in 1987 to become a Pizzeria Uno franchisee, an operation in which he still has an interest. In 1989, he joined the board of Spaghetti Warehouse. He became president and CEO in July 1991.

GROWTH

- Opened first unit in 1972.
- Went public in 1985.
- Now operates 25 units.
- Plans to add 30% to 33% more units per year for the next few years.
- Profits were just less than $4 million in 1991.
- Analysts predict 1992 profits to be $5.7 million.
- As of 1991, the company is debt-free.

MENUS & MARKETING

- Home-style pasta dishes are made from scratch.
- Spaghetti dishes are the top sellers—all are priced between $3.95 and $5.50.
- The average lunch check is $5.81; dinner, $8.19.
- Many local signature items pepper the decor of each restaurant.
- Company targets business lunchers and families at dinner with local radio and print advertising, direct mail and other promotions.
- Last year, the company spent 2.7% of revenues on advertising.

LABOR

- Restaurant managers receive salary plus a bonus based on customer counts and profit performance of their restaurants.
- General managers are eligible for stock options after one year of satisfactory service.
- All units are company-operated, but franchises will open next year in the United States and Canada.

CHALLENGES

- The competition in the Italian segment is increasing, and that could pull customers away from Spaghetti Warehouse. Because most restaurants are located in large cities, the company is affected by the economic health of major downtown areas. —B.M.

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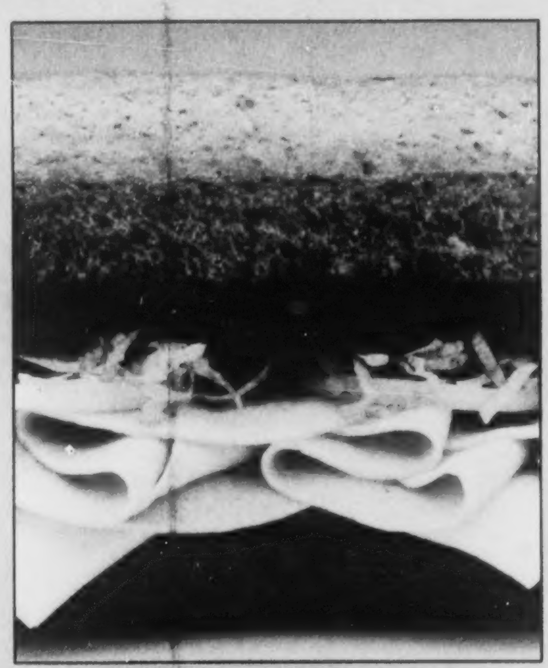
Subway's "fresh" approach to sandwiches keeps the chain rolling toward its 8,000-store goal.



Fred DeLuca (l.) parlayed $1,000 into one of the largest, fastest growing chains in the world. This year, he expects systemwide sales to reach $1.8 billion.

With its popular menu, low investment costs and simple operations, Subway has opened the door to thousands of young entrepreneurs and proven its ability to remain among the fastest-growing chains in America.

For 1992, Subway projects systemwide sales of $1.8 billion, up more than 28% over 1991.

LEADERSHIP

- Fred DeLuca, 44, co-president. Co-founded the chain in 1965 at age 17. "The only job I'd ever had was as a stock boy in a hardware store."
- Peter Buck, 61, co-founder, co-president. Nuclear physicist who gave DeLuca $1,000 to open his first store.

GROWTH

- Subway's now-familiar battle cry is "8,000 stores by 1995." In 1991, it added more than 1,000 new stores, bringing its worldwide year-end total to 6,187. It expects to reach the 8,000 mark by 1993. All but one of Subway's current 6,800 units are franchised.
- International opportunities are increasingly important. Canada is the chain's major international market. By the end of 1993, 500 units will be open there.
- In recent years, existing franchisees have accounted for half of the system's unit growth. Subway encourages franchisees to develop new stores rapidly by cutting the franchise fee for additional stores: Franchise fees for initial Subways are $10,000. Fees for second stores are $2,500.
- The cost of opening a restaurant is relatively low, about $75,000, and average unit volumes run about $270,000. AUVs are up about 9% year-to-date, says DeLuca.
- Subway plans a limited test of mobile units.

MENUS & MARKETING

- Subway recently began investing heavily in national advertising. DeLuca anticipates that soon half of the chain's ad dollars will go toward national advertising.
- Franchise owners pay 2½% of sales to Subway's marketing fund.
- The chain's TV buys reflect its core customer base: about 53% male and 18 to 34 years old.
- Subway's menu effectively plays on the trend toward more healthful eating, emphasizing submarine sandwiches made with fresh-baked bread and fresh ingredients.
- Subway is rolling out new 4-inch Value Rounds sandwiches aimed at broadening its customer base to include more children, teens and women. Prices range from 79 cents to $1.39.
- The chain has made its $1.99 Kids Paks mandatory items. They feature a 4-inch round sandwich, a cookie, a small drink and an optional premium.
- Subway recently added Veggies & Cheese and Roast Chicken Breast sandwiches to the menu to reinforce its "healthy" image. The chain will introduce new, simpler menu boards Sept. 1.

CHALLENGES

- A growing number of broad-menu chains, including McDonald's and Arby's, now offer sub sandwiches. Still, DeLuca maintains that Subway's business will benefit from any advertising of sub sandwiches.
- Mastering the complexities of international expansion. **—R.C.**

For information circle **45** →

Two wood-burning ovens in each Italian Oven restaurant turn out crisp-crust specialty pizzas.

AGGRESSIVE UPSTARTS

A dozen concepts cook up hot menus and big expansion plans.

At first glance, the newest chains might not look much different than their older, bigger competitors. But this year's aggressive upstarts add unique ingredients to the mix.

The Italian Oven, hoping for the success of The Olive Garden, features not one, but two wood-burning ovens. Lone Star Steakhouse gets 85% of its sales from beef—no food bars at these restaurants. Read on for more points of difference.

■■■

THE ITALIAN OVEN
Somerset, Pa.
1991 sales, $6.0 million; units, 25; AUV, N/A; check average, $8.

In 1989, The Italian Oven's founder Jim Frye set out to offer spaghetti and meatballs at a reasonable price. Three years later, The Italian Oven's innovations are as plentiful as the meatballs on the spaghetti.

For instance, the kids' menu was designed by a real kid, Frye's 7-year-old son. Kids even get their own club (fourth meal's free)—unusual for a full-service restaurant—and baby food is available to parents free upon request.

The bounty of kid-friendly accoutrements stems from the fact that Frye and his wife have three sons, and know that baby boomers look for such accommodations. But the menu has a decidedly adult flavor: Aside from the spaghetti and meatballs ($5.50), the chain cooks up gourmet pizzas in two wood-burning ovens (grilled chicken and spinach is a favorite at $9.25 for a 12-in. pie). Pasta with mush-

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Food is the focus, from Lone Star's steaks to Lettuce Souprise You's fresh muffins.

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rooms and garlic is another favorite ($5.50).

The Italian Oven plans to have 50 units open in 16 states by the end of this year, and post sales of at least $25 million. Most of the expansion will be done through franchising, at a cost of about $350,000 per store. Now, most Italian Oven stores are in Pennsylvania and Ohio. New units will open in New York, New Jersey, Florida and Kentucky.

LONE STAR STEAKHOUSE & SALOON
Wichita, Kansas
1991 sales, $11.3 million; units, 11; AUV, $2.7 million; check average, lunch $7.50, dinner $17.50.

"We really sell and focus on steaks—80% to 85% of our sales are steaks," says Doug Glendenning, chief operating officer of Lone Star.

That's quite a gamble on the popularity of beef, but it's paying off for the 11-unit chain. Sales for 1992 are projected at $30 million.

Proceeds reaching nearly $14 million from a recent stock offering will be used to fund Lone Star's expansion into new and old markets such as Springfield, Miss.; Little Rock, Ark.; and Las Vegas.

Lone Star's dining room is a casual roadhouse atmosphere—"It screams Texas," says Glendenning—and steaks have a strong presence in a display case. Patrons have the option of choosing their own steaks.

Lone Star's casual roadhouse atmosphere "screams Texas," executives say.

The 16-oz. rib-eye steak ($15.95) and the 9-oz. filet ($13.95) are two top sellers.

Lone Star's management team has four members that hail from Coulter Enterprises, including Jamie B. Coulter, chairman, CEO and president of Lone Star.

LETTUCE SOUPRISE YOU
Atlanta
1991 sales, $6.5 million; units, 7; AUV, $1.3 million; check average, $6.

"Lettuce Souprise You is a mecca for starving students," says Meg Kannin, a student living in Atlanta. And no wonder. For $5.95 at lunch and $6.45 at dinner, patrons can stuff themselves with salad, soup and a stuffed baked potato, with fruit and bakery goods compliments of the house. The four soups offered each day come from a rotating menu of 35; the five muffins, from a stock of 40.

The 5-year-old Atlanta-based chain also is a mecca for its managers, most of whom hold stock in the private company. "The ownership is what makes things happen," says David Dubrof, founder and president. By "things," Dubrof means spotless stores and top-quality food.

The units, all company-owned, offer food buffet-style. The focal point of each restaurant is the display bakery, in which employees make muffins all day. The stores offer a continental breakfast, lunch and dinner. The highest prices are for the soup-salad-potato combination. Salad alone is $4.95 at lunch and $5.45 at dinner; soup and potato, the same. Food costs run 30% to 31% of sales; labor, 28%.

Dubrof says the chain has planned "from Day One" to go public. In addition, he is making sure every change he makes would work as well were the chain 100 units strong. The Southeast and Southwest are areas targeted for expansion. Most new units, like the existing units, will be in strip malls.

ISLANDS
Costa Mesa, Calif.
1991 sales, $30.0 million; units, 13; AUV, $2.3 million; check average, $8.

Islands cropped up in Los Angeles in 1982 when "gourmet" hamburgers were *de rigueur* menu fare. Since then, 13 other company-owned units have opened in Southern California, and three deals are pending in Cerritos and Calabasas, Calif., and Dallas.

Licensing, not franchising, is the company's key to expansion. In November, Chart House Enterprises, Solana Beach, Calif., entered into a 40-year agreement to develop and operate at least 50 Islands over a 12-year period in California, Arizona, Florida and Hawaii. Chart House also optioned rights to open an additional 100 units in the Northeast. Big Wave, a

continued on page 126

Silver Diner's deco decor and Red Hot & Blue's Elvis touches appeal to baby boomers.

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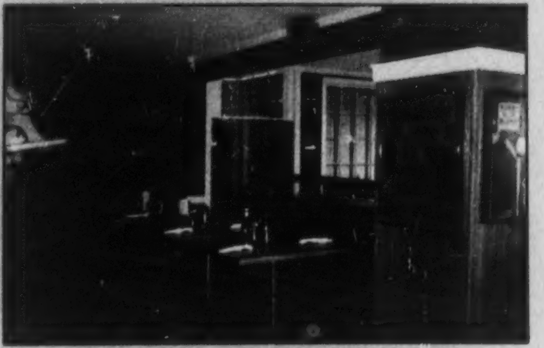
Chart House subsidiary, will be the exclusive franchisee.

The free-standing restaurants, located near office buildings, theaters and residential neighborhoods, are targeted to the 26 to 45 age group. The menu includes a variety of half-pound burgers, priced from $3.95 to $5.65, plus a selection of salads, chicken sandwiches and soft tacos. Top sellers include the Big Wave, a plain burger with cheese, tomato and onion ($4.25), and the Northshore, a spicy chicken and Cheddar soft taco ($4.75). Food costs are 27% and labor costs, 22%.



Blues memorabilia attracts the Red Hot & Blue's 21- to 45-year-old target audience.

RED HOT & BLUE
MEMPHIS PIT BAR-B-QUE
Arlington, Va.

1991 sales, $10.0 million; units, 10; AUV, $1.5 to $4.0 million; check average, $9.50.

This 6-year-old chain features barbecue ribs, pork shoulders and beef brisket with a Memphis twist. Elvis memorabilia graces the walls of the restaurants, and The King's music blares "much louder than usual," says Bob Friedman, chairman and president.

Fans seem to like it, though: The 10 restaurants (all but one franchised), are located primarily in strip malls up and down the East Coast and post sales of $1.5 million to $4 million a year, depending on the location.

Friedman says the difference between Red Hot and competitors is the food quality: Food costs are 39% of sales, and the barbecue is "real"—the ribs aren't baked or steamed. "The other thing is that we've tied in the music and decor better than anyone else," Friedman adds. The Elvis touch in particular appeals to the target market of middle-income 21- to 45-year-olds.

The most popular menu items are the ribs dinner ($10) and the pulled-pig sandwich ($4.95). Red Hot & Blue offers its fare in the restaurant, through a take-out window, and through third-party delivery services. The chain also caters.

The six additional units scheduled to open this year—at a cost of about $500,000 each—will be financed via venture capital groups and banks. Friedman sees a public offering a few years down the road, too.

AMERICA'S CHICKEN
Jericho, N.Y.

1991 sales, $1.5 million; units, 3; AUV, $500K; check average, $10.

Women age 25 to 49 are the primary target in advertisements for America's Chicken. "Research still says that the woman of the house makes the decision on what to eat," says Jack Freedman, president.

Perhaps women are more concerned about healthful eating, too. The seven-unit chain touts itself as the low-fat, low-cholesterol counterpart to its competitors. "Without sacrificing taste, we want to make our food as healthful as possible," says Freedman, who adds that all food is cooked in soybean oil and that the chicken is skinless.

Santa Fe chicken marinated in sweet garlic sauce and grilled over an open flame is a top seller. Sixteen pieces sell for $15.75, 12 for $11.95 and eight for $8.25.

Takeout and delivery make up 85% to 90% of sales because the in-line units seat only 24. "We try to encourage people to come in to get their orders by giving a dollar off," says Freedman. Delivery within a 2-mile radius costs $1, so the customer ends up saving at least $2 by picking up the food.

Gearing up for an aggressive expansion of 20 stores in the next 12 months, the chain recently began advertising in *U.S.A. Today.* The franchise fee is $25,000; Royalty payments are 4% of net sales and another 3% of net sales go into an advertising fund.

SILVER DINER
Rockville, Md.

1991 sales, $6.5 million; units, 3; AUV, $3.0 million; check average, $6.75.

Reeling off numbers like an auctioneer, Robert Giaimo, founder and co-owner of Silver Diner, proves that he has a super niche in chain restaurants. Customer counts are up 12% this year, tables turn 20 times on a Saturday, and about 12,000 people are served each week in just one restaurant.

"What is interesting about the Silver Diner is that it has the quality of food of specialty restaurants at family-dining prices," says Giaimo. "The Silver Diner bridges the gap between fast food and upscale." Top-selling menu items include hot roast turkey, stuffing and mashed potatoes for $6.25;

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Restaurants Unlimited's Zoopa and Palomino are poised for growth.

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meatloaf with vegetable gravy and mashed potatoes for $5.95; and chicken pot pie for $6.95. Delivery and takeout make up 5% of sales, though that number is expected to double this year.

While much has been made of the chain's art deco appearance and nostalgia appeal, Giaimo says that the customers return for the quality of the food and the restaurant's comfort.

Set to open this September in a shopping center outside Baltimore, the chain's fourth restaurant will be its first in-line model. Perhaps as early as this year, the chain also might begin selling franchises to large, multi-unit operators.

Silver Diner's art deco decor grabs customers' attention; great food holds it.

KOO KOO ROO

Los Angeles

1991 sales, $3.0 million; units, 12; AUV, $500K; check average, $6.50.

Mike and Ray Badalian debuted their whimsically named chicken chain, which features skinless, charbroiled chicken, in Los Angeles four years ago. After a slow period of two- or three-unit growth, the brothers added a dozen new stores in 1991. Since then, three have been shuttered due to poor location or capitalization. But the Badalians say they have learned from the mistakes.

Koo Koo Roo plans five new company stores by mid-1993, primarily in Southern California. It also has contracted for 33 franchised operations in Florida and Georgia within the next five years. The company hopes to sell four or five development contracts this year.

Koo Koo Roo fueled its growth efforts with a $5 million public stock offering last October. Its strategy is to shift away from fast food to a more casual dining concept by upgrading existing stores and expanding the menu to include rotisserie chicken, pesto pasta, chicken Caesar salad and a sandwich line.

Koo Koo Roo units typically are 2,000 square feet with 10 to 50 seats.

ZOOPA

Seattle

1991 sales, $2.5 million; units, 1; AUV, $2.5 million; check average, $6.75 lunch, $8 dinner.

Zoopa, a value-oriented, all-you-can-eat, soup-salad-pasta concept, represents a radical departure for Restaurants Unlimited. The 200-seat "marketeria," designed to reflect the feel of Seattle's famed Pike Place Market, boasts walk-up food stations, including bakery, fruit and dessert bars, where customers can pick and choose at leisure.

The menu changes weekly and spotlights five soups, three pastas and a build-your-own salad option. The latter is the top seller. Pricing is two-tiered: $5.75 for either salad, soup or pasta, or $5.95 for everything. Customers pay up front. Food and labor together run 50% to 56% of sales.

Construction costs for the 7,000-square-foot prototype, opened in the city's South Center regional shopping center in 1990, were an estimated $1.2 million. Future units will be slightly smaller to hold down operating expenses. Two openings are scheduled in the Puget Sound area within the next 12 months.

Restaurants Unlimited hopes to create a nationwide chain from the concept. Franchising is not a company policy, but in Zoopa's case, the possibility is under consideration.

PALOMINO

Seattle

1991 sales, $5.0 million; units, 2; AUV, $4.0 million; check average, $14 lunch, $24 dinner.

Mediterranean design and cuisine influence Palomino, a full-service concept from Restaurants Unlimited. Palomino, opened in Seattle in November 1989, rings up $4.5 million to $5 million annually. A second restaurant was unveiled in Minneapolis in October.

Marble countertops, coved ceilings, dark wood and

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Blossoming concepts like On The Border keep experimenting with popular foods.

On The Border's new "ultimate fajita" dinner ($10.95) already is the chain's best seller.

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hand-blown glass art decorate the 280-seat restaurants. The large bar accounts for a third of sales in each unit. The display kitchens are equipped with an applewood-fired rotisserie and a wood-burning oven and grill. Popular sellers are seasoned rotisserie chicken and grilled king salmon. The menu also highlights thin-crust pizza and various pastas. Food and labor together run about 60% of sales.

Palomino, still in its formative stages, is being fine-tuned for expansion. When the concept is ready to go, the company conceivably could open two a year in the Puget Sound area. The concept would expand into urban locations near hotels, convention centers and theaters that attract strong daytime and early dinner traffic.

HOMETOWN BUFFETS
Salt Lake City
1991 sales, N/A; units, 2; AUV, $2.0 million; check average, $5.30.

With a $3 million investment (a one-third interest) in HomeTown's parent, Americana Entertainment Group, JB's Restaurants, Salt Lake City, acquired exclusive rights to develop the concept in four western states in 1991: Arizona, New Mexico, Utah and Colorado. In early '92, the territory was expanded to include Nevada, Montana, Idaho and Wyoming. JB's goal is to open 10 units per year. Two units opened in Colorado Springs, Colo., and Phoenix this past spring. Two to three others will debut by year-end, with 17 slated for completion by September 1995. Americana will open 15 company-operated units within the same time frame.

Prime locations for expansion are strip malls, but free-standing units will be considered. In addition, 15 to 20 JB's have been earmarked for conversion to the Buffets system.

The concept is a scatter system with up to eight separate food islands in an all-you-can-eat format. The diverse menu features soups, salads, hot entrees, vegetables, desserts and nonalcoholic beverages. A display bakery offers fresh baked goods. The stores cost $850,000 to build. Food costs run 38%; labor, 26%.

ON THE BORDER
Dallas
1991 sales, $23.0 million; units, 10; AUV, $2.9 million; check average, $9.50.

A margarita served in a frosty mug is one of the new items that has helped boost check averages by 50 cents at On The Border. "Our liquor mix is high—30% of sales," says Mike Fiori, CEO and president, who adds that the large margarita is a favorite among customers.

During the spring, the 10-unit chain began a "product focus program," which involved creating a new menu. "We were trying to engineer a check increase without raising prices," says Fiori. Besides the new margaritas, On The Border introduced a spinach quesadilla appetizer ($5.95) and an "ultimate fajita" dinner ($10.95). The fajita combination of shrimp, steak, chicken breast and barbecue ribs, served with grilled potatoes and beans, already is a No. 1 seller.

"It really seems to be the play of the future—to get fresh food at under $10," says Fiori, who adds that On The Border's high-energy atmosphere attracts a slightly younger customer base than that of its competitors. "Our customer is a little better educated and a little more affluent," he adds.

The Dallas-based chain's public offering in April 1992 is helping fund an expansion of an estimated eight company restaurants by 1993. Fiori also has brought over a management team from Chi-Chi's, where he worked for 10 years before joining On The Border last year.

—Karen Cheney,
Brenda McCarthy and
Barbara Magan Dawson

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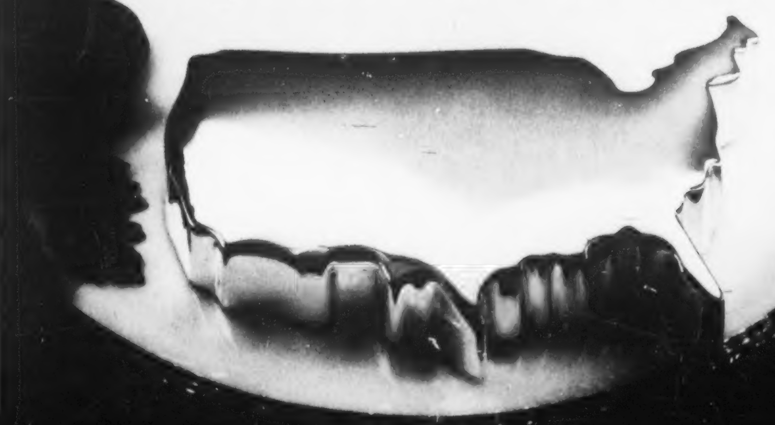

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R&I'S EXCLUSIVE 1992 RESTAURANT OPPORTUNITY INDEX

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R&I and National Decision Systems present:

THE BEST PLACES TO OPEN A RESTAURANT

HAWAII
ALASKA

R&I EXCLUSIVE

RESTAURANT
OPPORTUNITY INDEX
▩ High (125+)
▩ Above average (105-125)
▩ Average (92-105)
▩ Low (78-92)
☐ Very low (less than 78)
11
3

THE TOP 15 OPPORTUNITIES IN THE U.S.*

1. Gadsden, Ala.
2. Johnson City-Kingsport-Bristol, Tenn.
3. Florence, Ala.
4. Ocala, Fla.
5. Columbus, Ga.-Ala.
6. Anniston, Ala.
7. Huntington-Ashland, W.Va.-Ky.-Ohio
8. Texarkana, Tex.-Ark.
9. Danville, Va.
10. Bradenton, Fla.
11. Lawton, Okla.
12. Provo-Orem, Utah
13. Lakeland-Winter Haven, Fla.
14. Cheyenne, Wyo.
15. Vancouver, Wash.

*[illegible]

By Rajan Chaudhry

Led by small metro markets like Gadsden, Ala., and Johnson City, Tenn., the South offers the best prospects for restaurant expansion in the United States, according to research conducted by Equifax National Decision Systems for ***Restaurants & Institutions.*** In fact, of the 15 top-ranked metropolitan areas, the first 13 fell in the three U.S. Census Bureau regions—the East South Central, West South Central and South Atlantic—that constitute the South. Among the least attractive areas for new restaurants are the Pacific and New England regions, where depressed demand and overbuilding of restaurants have conspired to plunder opportunity.

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ABOUT THE STUDY

The *R&I* Restaurant Opportunity Index (ROI) was designed to highlight the areas of the United States that offer the greatest potential for restaurant expansion. With the help of Equifax National Decision Systems, a leader in the field of geographic and demographic target marketing, we have developed a model to identify those metropolitan markets in which demand for restaurant dining is high—relative to regional averages—and restaurant supply is low. "This structural approach to measuring opportunity is unique," says Scott Purlee, director of restaurant marketing services for National Decision Systems. "The advantages are that small markets are not eliminated because of their size, and large markets will not necessarily rise to the top of the list. This is particularly useful when evaluating niche or second-tier expansion opportunities."

The ROI market analysis involves seven key variables:

Databases show where to build and what to serve.

Supply measures comprise number of eating and drinking locations, total eating- and drinking-place sales, and sales per location.

Demand variables encompass number of households, estimated median income per household, annual per household expenditure on eating and drinking away from home, and share of household income spent on eating and drinking away from home.

The Restaurant Opportunity Index for each Metropolitan Statistical Area (MSA) is a function of income share and sales per location. (The Census Bureau defines an MSA as a city that, with contiguous densely settled territory, has a population of at least 50,000. If the MSA's largest city is smaller than 50,000, the area must have a total population of at least 100,000. MSAs typically include all counties with strong economic and social ties to the central city.) The index is calculated using the following formula:

$$\frac{\text{MSA demand per location}}{\text{Region's demand per location}} \times \frac{\text{MSA income share}}{\text{Region's income share}} \div 100$$

The higher the ROI, the better the potential for expansion.

For purposes of national ranking, the ROI also is computed for each MSA and region based on U.S. totals.

MENU OPPORTUNITY INDEX

To supplement the ROI, we rank menu opportunities within the highest scoring market for each Census region.

The Menu Opportunity Index is determined by calculating a sales-per-location figure for restaurants in each of 23 menu segments. The MSA's sales-per-location number is then compared to nationwide averages for the same segment.

Data for the study came from National Decision Systems' updates of the U.S. Census and its own Business-Facts database. For more information, contact: Scott Purlee, Director, Restaurant Marketing Services, Equifax National Decision Systems, (312) 693-0070. R&I

RESTAURANT OPPORTUNITIES BY REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				
				Locations	1991 total sales (000)	Per HH expenditure	Demand per location	Income share
1. East South Central	147	5,745,193	$25,068	27,296	$ 8,826,531	$1,536	$323,364	6.13%
2. West South Central	113	9,805,315	26,648	58,457	15,284,606	1,559	261,468	5.85
3. South Atlantic	109	16,942,200	33,715	90,404	27,621,093	1,630	305,530	4.84
4. West North Central	109	6,802,531	30,624	39,206	10,941,544	1,608	279,078	5.25
5. East North Central	105	15,806,424	32,600	91,735	25,838,402	1,634	281,664	5.01
6. Mountain	102	5,149,777	29,672	32,345	8,242,676	1,601	254,836	5.39
7. Middle Atlantic	88	14,124,860	37,857	86,184	23,461,187	1,661	272,222	4.39
8. Pacific	85	14,258,468	37,091	92,838	23,690,096	1,661	255,177	4.48
9. New England	81	5,029,227	43,036	30,993	8,584,480	1,707	276,981	3.97
UNITED STATES TOTALS	100	93,665,984	33,449	549,458	152,490,602	1,628	277,529	4.87

Source: Equifax National Decision Systems

continued from page 70

KY.
TENN.
MISS.
ALA.

1. EAST SOUTH CENTRAL

The South rises again—as a great place to build a restaurant.

While much of the country has run out of steam, the East South Central's solar-power economy keeps it humming along as a top choice for new restaurants.

At Checkers Drive-In Restaurants, Clearwater, Fla., management's plan is to saturate the region and expand nationally. "See, there's no huge cities, so people kind of forget about [the region]," says Chief Financial Officer Paul Campbell. "What there is in the Southeast is an awful lot of medium-size towns that are just beautiful fast-food markets."

Small and mid-size metro areas take most of the top spots on *R&I*'s Restaurant Opportunity Index. "A lot of restaurant chains are beginning to look at the small markets because they've pretty well saturated some of the others," says Tom Quinn, executive vice president of the Gadsden-Etowah Chamber of Commerce.

Gadsden, Ala., the highest-ranking MSA in both the region and the country, is a market of fewer than 105,000 people. "We've started to get a lot of interest from restaurant chains, and this has all happened in the last three months," says Quinn.

Steel, rubber and trucking

continued on page 78

TOP 10 MSAs: EAST SOUTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				
				Locations	1991 total sales (000)	Per HH expenditure	Demand per location	Income share
1. Gadsden, Ala.	122	39,080	$22,421	164	$ 58,895	$1,507	$359,113	6.72%
2. Johnson City-Kingsport-Bristol, Tenn.	119	172,906	25,564	689	267,935	1,550	388,876	6.06
3. Florence, Ala.	115	51,585	23,073	228	78,665	1,525	345,024	6.61
4. Anniston, Ala.	110	43,403	24,862	190	66,767	1,538	351,403	6.19
5. Owensboro, Ky.	100	33,358	25,219	159	51,521	1,545	324,034	6.12
6. Montgomery, Ala.	99	107,758	28,583	480	170,564-	1,583	355,342	5.54
7. Louisville, Ky.-Ind.	96	371,727	30,320	1,679	598,809	1,611	356,646	5.31
8. Tuscaloosa, Ala.	95	56,767	24,550	288	86,998	1,533	302,075	6.24
9. Mobile, Ala.	93	177,194	25,493	903	274,408	1,549	303,885	6.07
10. Dothan, Ala.	80	49,326	26,626	258	76,972	1,560	298,339	5.86
REGION TOTALS	100	5,745,193	25,068	27,296	8,826,531	1,536	323,364	6.13

Source: Equifax National Decision Systems

Johnson City, Tenn., is a boom town for new restaurants.

continued from page 75

form the foundation of Gadsden's economy, and while the market struggled in the '80s, it has begun to regain momentum. "Everything's looking up," says Quinn.

A bigger and, for some types of operations, even better market is the MSA formed by the cities of Johnson City, Kingsport and Bristol, Tenn.

Since 1990, more than 15 new restaurants have opened in the Johnson City market, says Phyllis Johnson, business writer for the *Johnson City Press*. About a third of the new restaurants are fast food, while the bulk are midscale and casual-upscale operations. Since fall of last year, The Olive Garden, Grady's American Grill, Ruby Tuesday, Applebee's and the Lone Star Steakhouse all have opened in Johnson City.

What makes the market so hot? "The economy in East Tennessee, in general, has outperformed the national averages over the last couple of years, and as the rest of the country has kind of gone into a tailspin, this market has not," says Jonathan Link, vice president of retail operations at Capital Pizza Huts, a Johnson City-based Pizza Hut franchisee. In addition to its 15 local Pizza Huts, Capital operates franchises in New Jersey, Maine and Vermont. "The economy in those markets is not nearly as good as it is here," he says. "In fact, New Jersey has got to be the worst in the country. It's awful."

Johnson City draws on an MSA of almost 450,000, both Link and Johnson point out. The local economy is diverse, and a major university, East Tennessee State, as well as two medical schools, add to the stability of the area. "The only major casualty we've had is Texas Instruments decided to move its operations back to Texas, which will eventually lead to the loss of about 900 jobs," says Johnson.

Although Johnson City itself has experienced a flood of restaurant openings over the past year, Bristol and Kingsport still are underserved, says Link. "The economy in Bristol hasn't been very strong, but I don't know why some of the big midscale restaurant operators haven't gone to Kingsport," he says.

—R.C.

MENU OPPORTUNITIES IN GADSDEN, ALA.

Segment	Menu opportunity index
QSR fish/seafood	153
Midscale family steak	146
QSR chicken	132
QSR ice cream	132
QSR retail	123
QSR sandwich	121
Midscale varied	116
FS fish/seafood	111
QSR pizza	111
Midscale hotel	106
QSR doughnut	104
Midscale family-style	103
QSR varied menu	101
QSR Mexican	100
Midscale cafeteria	98
FS Mexican	80
Upscale moderate check	75
Upscale varied	75
FS Italian	71
FS Oriental	71
Upscale casual	65
Upscale hotel	64
Upscale high check	55
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: EAST SOUTH CENTRAL

MSAs	Region index	U.S. index
Gadsden, Ala.	122	179
Johnson City-Kingsport-Bristol, Tenn.	119	175
Florence, Ala.	115	169
Anniston, Ala.	110	161
Owensboro, Ky.	100	147
Montgomery, Ala.	99	146
Louisville, Ky.-Ind.	96	140
Tuscaloosa, Ala.	95	140
Mobile, Ala.	93	137
Dothan, Ala.	88	129
Birmingham, Ala.	88	129
Memphis, Tenn.-Ark.-Miss.	86	125
Knoxville, Tenn.	85	125
Lexington-Fayette, Ky.	82	121
Clarksville-Hopkinsville, Tenn.-Ind.-Ky.	77	113
Huntsville, Ala.	75	110
Chattanooga, Tenn.-Ga.	74	109
Jackson, Miss.	71	105
Pascagoula, Miss.	70	103
Jackson, Tenn.	67	98
Nashville, Tenn.	64	94
Biloxi-Gulfport, Miss.	60	88
REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

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OKLA.
ARK.
TEXAS
LA.

2. WEST SOUTH CENTRAL

Arkansas and Oklahoma lead the region's charge up the rankings.

When the oil industry hit the wall in the 1980s, many local economies in the West South Central region were critically injured in the crash.

Especially hard-hit were the cities in Texas and Louisiana. But today, many markets in those states have begun to recover, and their efforts at diversification have created a strong base for new growth.

The region's top-ranking site for new development, according to *R&I*'s Restaurant Opportunity Index, is the Texarkana MSA, which extends into both Texas and Arkansas.

Texarkana escaped the worst of the region's depression largely because of its low reliance on the oil business, according to Lisa Bose, business reporter for the *Texarkana Gazette*.

Food processing, tire manufacturing and paper production are among the MSA's largest industries. Texarkana is the site of the Red River Army Depot, which recently was removed from the 1991 base closure list. The market also is a major wholesale distribution center for northeast Texas, southwest Arkansas, northwest Louisiana and southeast Oklahoma.

According to *R&I*'s Menu Opportunity Index, Texar-

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TOP 10 MSAs: WEST SOUTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				
				Locations	1991 total sales ($000)	Per HH expenditure	Demand per location	Income share
1. Texarkana, Texas-Ark.	140	45,438	$23,359	211	$ 69,242	$1,524	$328,162	6.52%
2. Lawton, Okla.	138	38,113	24,961	171	58,504	1,535	342,129	6.15
3. Lake Charles, La.	125	60,975	25,479	306	95,168	1,561	311,006	6.13
4. Fort Smith, Ark.-Okla.	123	68,184	23,803	351	103,481	1,518	294,816	6.38
5. McAllen-Edinburg-Mission, Texas	122	107,728	17,532	656	152,230	1,413	232,058	8.06
6. Pine Bluff, Ark.	119	30,715	22,321	170	46,133	1,502	271,373	6.73
7. Tulsa, Okla.	115	279,530	27,334	1,441	439,874	1,574	305,256	5.76
8. San Angelo, Texas	114	35,851	24,324	199	55,024	1,535	276,504	6.31
9. Killeen-Temple, Texas	113	85,611	25,188	464	131,456	1,536	283,310	6.10
10. Alexandria, La.	110	46,120	21,620	282	58,814	1,492	244,021	6.90
REGION TOTALS	100	9,805,315	26,648	58,457	15,284,606	1,559	261,468	5.85

Source: Equifax National Decision Systems

Army bases and tire plants mark region's two top markets.

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kana holds strong potential for fast-food chicken, midscale family steak, and full-service seafood concepts.

Bose also sees a need for restaurants that stay open late. "Most close at 9 or 10," she laments.

Like Texarkana, Lawton, Okla., gets top marks for restaurant opportunity. Lawton likewise derives economic strength from a large Army base—Fort Sill—and from a major tire plant.

Even within its region, Lawton is a standout, says Mary Trueblood, a franchisee with two Burger Kings in Lawton. "Compared to everybody else around here, I'd say we're doing damn well."

Although Trueblood says the market is fairly saturated with quick-service burger places—including McDonald's, Burger King, Wendy's and Whataburger—she is considering opening another Burger King. Sales at her two Lawton units are up about 8% over last year, she says. And she sees room in the market for more midscale and casual restaurants. "Golden Corral is here, and it does fantastic. Furr's does pretty good. I tell you what I would love to see come in here, if anyone's asking—there's been rumors that they're going in—and that's The Olive Garden. I drive 45 miles to Wichita Falls to go to The Olive Garden about twice a week."

—R.C.

RESTAURANT OPPORTUNITY INDEX: WEST SOUTH CENTRAL

MSAs	Region Index	U.S. Index
Texarkana, Texas-Ark.	140	158
Lawton, Okla.	138	156
Lake Charles, La.	125	141
Fort Smith, Ark.-Okla.	123	139
McAllen-Edinburg-Mission, Texas	122	138
Pine Bluff, Ark.	119	135
Tulsa, Okla.	115	130
San Angelo, Texas	114	129
Killeen-Temple, Texas	113	128
Alexandria, La.	110	125
Little Rock-North Little Rock, Ark.	110	124
Fayetteville-Springdale, Ark.	108	122
Oklahoma City	107	121
Abilene, Texas	106	120
Brownsville-Harlingen, Texas	104	118
Laredo, Texas	103	117
Enid, Okla.	103	117
El Paso, Texas	103	116
Houma-Thibodaux, La.	101	114
Beaumont-Port Arthur, Texas	100	113
Tyler, Texas	100	113
Shreveport, La.	100	113
Bryan-College Station, Texas	98	111
Fort Worth-Arlington, Texas	95	107
Longview-Marshall, Texas	94	106
Brazoria, Texas	94	106
Wichita Falls, Texas	94	106
Monroe, La.	92	105
Amarillo, Texas	92	105
Lafayette, La.	92	104
Sherman-Denison, Texas	92	104
Waco, Texas	91	103
Lubbock, Texas	88	100
Houston	87	99
Baton Rouge, La.	86	98
Austin, Texas	84	95
Dallas	83	94
Galveston-Texas City, Texas	80	90
San Antonio	79	90
New Orleans	79	90
Odessa, Texas	75	85
Victoria, Texas	74	84
Corpus Christi, Texas	73	83
Midland, Texas	71	81
REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

MENU OPPORTUNITIES IN TEXARKANA, TEXAS-ARK.

Segment	Menu opportunity index
QSR chicken	145
Midscale family steak	142
QSR retail	137
FS fish/seafood	129
QSR ice cream	121
QSR fish/seafood	116
Midscale cafeteria	115
QSR Mexican	115
QSR sandwich	112
Midscale varied	107
QSR pizza	102
Midscale hotel	95
FS Mexican	86
Midscale family-style	86
QSR doughnut	79
Upscale hotel	79
FS Italian	78
Upscale high check	78
Upscale moderate check	77
FS Oriental	76
QSR varied menu	75
Upscale casual	74
Upscale varied	65
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

continued from page 88

W.VA.
MD.
VA.
N.C.
S.C.
GA.
FLA.

3. SOUTH ATLANTIC

Mix of tourists, retirees remains potent lure for new restaurants.

The news that Ocala, Fla., is the No. 1 opportunity for expansion in the South Atlantic comes as no surprise to David Cyril, assistant news editor of *The Ocala Star-Banner*.

Several of the local units rank among the highest-grossing restaurants in their respective chains, he says. "There's a Chili's out there that's No. 3 in the nation, and The Olive Garden here does very well."

The restaurants' success is due in part to their location on the interstate, which gives them access to tourists traveling to and from Orlando and Central Florida, says Cyril. "Plus we have a lot of retirement-type communities out west of the interstate there, and there's a good portion of people that come in for dinner a lot."

The recession, which took its toll on many Florida operators, had little impact on Ocala's economy, according to Cyril. "I don't think it's been affected much. As a matter of fact, there are several new bars and restaurants that'll be opening very shortly."

R&I's Menu Opportunity Index for Ocala reveals high potential for midscale family steak restaurants, quick-service and full-service fish/seafood concepts.

The expansion outlook

continued on page 98

TOP 10 MSAs: SOUTH ATLANTIC REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				
				Locations	1991 total sales (000)	Per HH expenditure	Demand per location	Income share
1. Ocala, Fla.	154	82,093	$22,140	365	$ 122,810	$1,496	$336,464	6.78%
2. Columbus, Ga.-Ala.	153	87,317	27,085	345	135,821	1,555	393,684	5.74
3. Huntington-Ashland, W.Va.-Ky.-Ohio	147	119,958	22,724	560	181,936	1,517	324,886	6.67
4. Danville, Va.	145	42,517	28,501	177	67,746	1,593	382,748	5.59
5. Bradenton, Fla.	143	94,149	28,364	396	149,655	1,590	377,916	5.60
6. Lakeland-Winter Haven, Fla.	141	160,926	26,006	719	250,321	1,556	348,152	5.98
7. Parkersburg-Marietta, W.Va.-Ohio	132	58,068	26,096	282	91,200	1,571	323,404	6.02
8. Lynchburg, Va.	125	53,765	31,815	243	87,705	1,631	360,925	5.13
9. Hagerstown, Md.	120	45,545	30,806	220	73,905	1,623	335,931	5.27
10. Pensacola, Fla.	119	132,126	28,090	666	208,773	1,580	313,473	5.63
REGION TOTALS	100	16,942,290	33,715	90,404	27,621,093	1,630	305,530	4.84

Source: [illegible]

Low cost of living adds to the appeal of Columbus, Ga.

continued from page 93

also is sunny in Columbus, Ga.-Ala., the No. 2 MSA in the South Atlantic. "There is very much an opportunity for growth in all areas of the food business," says the district manager of a large fast-food chain. The manager, headquartered in Columbus, preferred not to be identified.

"I think there's a real opportunity in Columbus for some upscale restaurants, fine dining. There's really not a top-notch place with atmosphere and great food. . . . And there's growth in other segments. We're up in double digits, and we probably will add some more fast-food restaurants," he says.

Although Columbus has felt the recession, the economy is holding up well. And according to a recent Columbus *Ledger-Enquirer* article, the city has one the lowest costs of living in the region. **—R.C.**

MENU OPPORTUNITIES IN OCALA, FLA.

Segment	Menu opportunity index
Midscale family steak	163
QSR fish/seafood	145
Midscale varied	132
FS fish/seafood	131
QSR ice cream	131
QSR retail	131
QSR chicken	130
Midscale hotel	127
Midscale cafeteria	120
QSR sandwich	113
Midscale family-style	111
QSR doughnut	95
QSR pizza	92
QSR varied menu	88
Upscale varied	81
QSR Mexican	79
Upscale moderate check	74
Upscale hotel	72
FS Mexican	70
FS Italian	69
FS Oriental	67
Upscale casual	57
Upscale high check	55
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: SOUTH ATLANTIC

MSAs	Region index	U.S. index	MSAs	Region index	U.S. index
Ocala, Fla.	154	168	Gainesville, Fla.	99	108
Columbus, Ga.-Ala.	153	167	Charlotte-Gastonia-Rock Hill, N.C.	99	108
Huntington-Ashland, W.Va.-Ky.-Ohio	147	161	Augusta, Ga.-S.C.	97	106
Danville, Va.	145	158	Fort Myers-Cape Coral, Fla.	96	105
Bradenton, Fla.	143	157	Greenville-Spartanburg, S.C.	96	105
Lakeland-Winter Haven, Fla.	141	154	Sarasota, Fla.	94	103
Parkersburg-Marietta, W.Va.-Ohio	132	144	Charlottesville, Va.	93	101
Lynchburg, Va.	125	137	Florence, S.C.	92	101
Hagerstown, Md.	120	131	Charleston, S.C.	92	101
Pensacola, Fla.	119	131	Columbia, S.C.	91	100
Hickory, N.C.	119	130	Melbourne-Titusville-Palm Beach, Fla.	91	100
Anderson, S.C.	115	126	West Palm Beach-Boca Raton, Fla.	91	99
Greensboro-Winston Salem, N.C.	115	126	Albany, Ga.	91	99
Cumberland, Md.-W.Va.	113	124	Raleigh-Durham, N.C.	90	99
Norfolk-Virginia Beach-Newport News, Va.	112	123	Washington, D.C.-Md.-Va.	89	98
Burlington, N.C.	111	121	Fort Lauderdale-Hollywood, Fla.	86	94
Athens, Ga.	110	120	Miami-Hialeah, Fla.	85	93
Tallahassee, Fla.	109	119	Savannah, Ga.	84	92
Fort Pierce, Fla.	109	119	Wilmington, Del.-N.J.-Md.	84	91
Asheville, N.C.	108	118	Orlando, Fla.	82	89
Fayetteville, N.C.	108	118	Atlanta	81	89
Macon-Warner Robins, Ga.	108	118	Baltimore	81	88
Daytona Beach, Fla.	106	116	Naples, Fla.	77	85
Charleston, W.Va.	105	115	Fort Walton Beach, Fla.	77	84
Tampa-St. Petersburg-Clearwater, Fla.	103	113	Panama City, Fla.	76	84
Richmond-Petersburg, Va.	103	113	Jacksonville, N.C.	73	80
Roanoke, Va.	101	111	Wilmington, N.C.	68	75
Jacksonville, Fla.	100	109	REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

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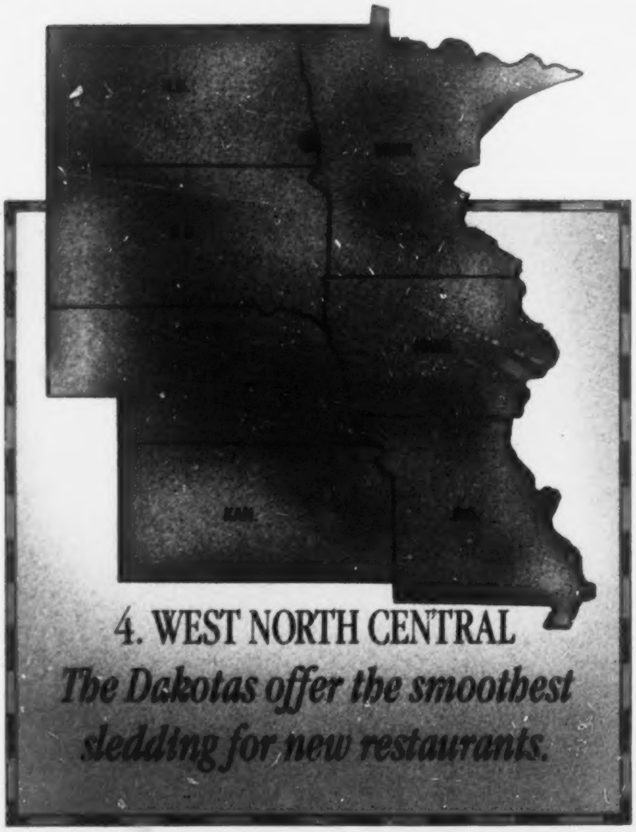

4. WEST NORTH CENTRAL

The Dakotas offer the smoothest sledding for new restaurants.

Although the West North Central region finishes only fourth out of nine regions in restaurant opportunity, member-states North Dakota and South Dakota both place among the top 10 states nationwide. And neighboring Minnesota finishes 15th.

Of all the region's metropolitan markets, the Fargo, N.D.-Moorhead, Minn., MSA exhibits the greatest potential for new foodservice outlets, according to *R&I*'s Restaurant Opportunity Index.

"The economy is holding up pretty well here," says Jon Knutson, business writer for the *Forum of Fargo-Moorhead*. "Some people are saying there's been a little bit of a recession. But, on balance, I think we're coming through it very well."

Knutson says Fargo-Moorhead is in the midst of a record-setting convention and tourism season, helped by the fact that each city is hosting its state's olympics.

While most other northern cities face shrinking populations, Fargo and Moorhead are growing, Knutson notes. "We tend to be a regional center for a lot of companies that work in a five- or six-state area."

Major employers include three state universities and a private college. Farming,

continued on page 108

TOP 10 MSAS: WEST NORTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				
				Locations	1991 total sales ($000)	Per HH expenditure	Demand per location	Income share
1. Fargo-Moorhead, N.D.-Minn.	127	58,975	$28,780	283	$ 94,601	$1,604	$334,278	5.57%
2. Rapid City, S.D.	122	31,233	25,113	164	48,027	1,538	292,847	6.12
3. Bismarck, N.D.	116	31,633	29,122	164	50,725	1,604	309,299	5.51
4. St. Joseph, Mo.	116	32,589	25,132	182	50,314	1,544	276,449	6.14
5. Grand Forks, N.D.	114	25,021	27,491	134	39,329	1,572	293,495	5.72
6. St. Cloud, Minn.	114	66,004	30,035	346	107,048	1,622	309,389	5.40
7. Topeka, Kan.	114	64,650	31,557	329	105,741	1,636	321,402	5.18
8. Joplin, Mo.	110	53,801	22,677	335	81,350	1,512	242,835	6.67
9. Lincoln, Neb.	108	84,203	32,132	442	137,894	1,638	311,978	5.10
10. Minneapolis-St. Paul, Minn.-Wis	106	958,827	40,711	4,463	1,644,153	1,715	368,396	4.21
REGION TOTALS	100	6,802,531	30,624	39,206	10,941,544	1,608	279,078	5.25

Source: [illegible]

The time is right for Mexican concepts in Fargo-Moorhead.

continued from page 103

especially of sugar beets, is big business. And Fargo-Moorhead is pushing hard to attract more light manufacturing jobs.

Knutson says some local restaurants clearly are straining to keep up with demand. "Restaurants have been very busy this summer," he says. "Local people say that they usually have to wait in line in the evening."

According to *R&I*'s Menu Opportunity Index, concepts with the strongest potential for success in Fargo-Moorhead include both quick-service and full-service Mexican restaurants, quick-service doughnut shops, upscale moderate-check restaurants and full-service Italian operations.

Dave MacIver, president of the Bismarck-Mandan Chamber of Commerce, says Fargo-Moorhead is not alone in its need for additional restaurants. "I can give you a classic example: My wife and I went out last night (Tuesday), and we stopped at Applebee's first, and couldn't get in the door—this is at 6:30—we stopped at Ground Round and couldn't get in the door; we stopped next at Peacock Alley, and couldn't get in the door. Our restaurants are getting used," he says.

MacIver sees opportunities especially for additional casual-dining restaurants. "There are three or four of the Ground Round and Applebee's types of mid-level operations located in south Bismarck; there is nothing in north Bismarck and there is nothing across the [Missouri] river in Mandan. So there is tremendous opportunity."

MacIver says retail sales for the area grew 6.5% to 8.5% from the first quarter of 1991 to the same period in 1992. "The economy is excellent. It's not a charging economy, but it's an economy that's moving in the right direction. We also have a very low unemployment rate."

The MSA's economic base includes large agricultural, energy, retail trade and medical components. Bismarck also is the state capital. "The state is a tremendously large employer," notes MacIver.

—R.C.

MENU OPPORTUNITIES IN FARGO-MOORHEAD

Segment	Menu opportunity index
QSR Mexican	127
FS Mexican	112
QSR doughnut	112
Upscale moderate check	107
FS Italian	106
Upscale varied	106
Upscale casual	105
QSR pizza	104
QSR sandwich	101
FS Oriental	100
Midscale family-style	100
QSR varied menu	100
FS fish/seafood	99
Midscale cafeteria	99
QSR ice cream	99
QSR retail	99
Midscale varied	97
QSR chicken	97
Midscale hotel	94
Upscale hotel	92
Midscale family steak	90
Upscale high check	89
QSR fish/seafood	86
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: WEST NORTH CENTRAL

MSAs	Region Index	U.S. Index	MSAs	Region Index	U.S. Index
Fargo-Moorhead, N.D.-Minn.	127	138	Waterloo-Cedar Falls, Iowa	97	105
Rapid City, S.D.	122	133	Wichita, Kan.	96	105
Bismarck, N.D.	116	126	Springfield, Mo.	96	105
St. Joseph, Mo.	116	126	Rochester, Minn.	96	104
Grand Forks, N.D.	114	124	Iowa City, Iowa	92	100
St. Cloud, Minn.	114	124	Cedar Rapids, Iowa	91	99
Topeka, Kan.	114	123	Omaha, Neb.-Iowa	90	98
Joplin, Mo.	110	120	Kansas City, Mo.-Kan.	90	98
Lincoln, Neb.	108	118	Sioux City, Iowa-Neb.	86	93
Minneapolis-St. Paul, Minn.-Wis.	106	115	Dubuque, Iowa	85	92
			St. Louis, Mo.-Ill.	84	91
Duluth, Minn.-Wis.	103	111	Des Moines, Iowa	83	90
Lawrence, Kan.	101	110	Columbia, Mo.	82	89
Sioux Falls, S.D.	101	110	REGION/U.S. AVERAGE	100	100

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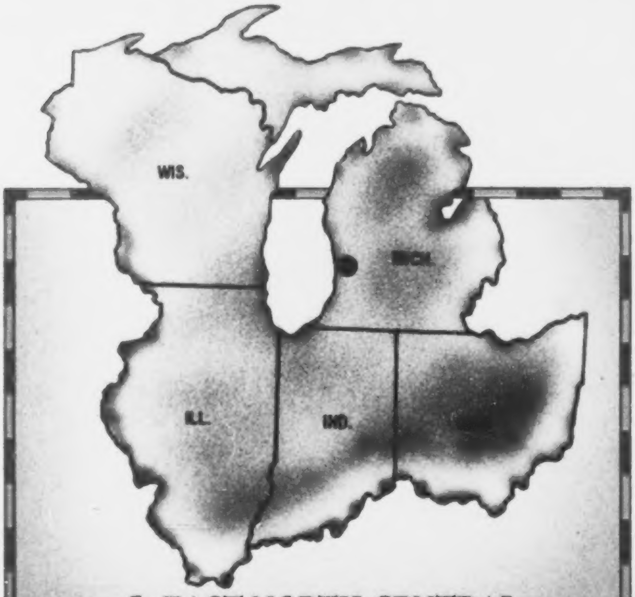

5. EAST NORTH CENTRAL

Even in Midwest's best markets, some owners say business is slow.

Independent restaurant owners in the East North Central's top-ranked cities say that the recession has taken a bite out of business and that finding opportunities in their markets is growing more difficult.

In Muskegon, Mich., the region's highest-scoring MSA, restaurateur Kaye Hamilton says that although she sees some pockets of opportunity, she disagrees that Muskegon on the whole is a good place to open a restaurant. "We've seen too many restaurants come and go here. Even major chains are not cutting the mustard. We have a Chi-Chi's here that about four months ago closed for lunch hours because they weren't getting enough clientele."

Nevertheless, Hamilton says she is negotiating to open a restaurant in Muskegon. Hamilton is co-owner of Some Place Else, a 125-seat family restaurant specializing in gourmet pizza. "I've done a bit of demographics in the last six or eight months, which shows me that area in North Muskegon has very good potential for a restaurant."

The local economy is better than it was a year ago, Hamilton says. "But it's not good," she stresses.

According to *R&I*'s Menu Opportunity Index, the best

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TOP 10 MSAs: EAST NORTH CENTRAL REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	1991 total sales (000)	Per HH expenditure	Demand per location	Income share
1. Muskegon, Mich.	137	58,802	$26,805	282	$ 92,737	$1,577	$328,853	5.88%
2. Decatur, Ill.	135	45,953	29,210	215	74,295	1,617	345,560	5.53
3. Muncie, Ind.	129	45,450	27,953	224	72,053	1,585	321,663	5.67
4. Saginaw-Bay City-Midland, Mich.	127	149,714	30,774	720	243,702	1,628	338,475	5.29
5. Jackson, Mich.	126	54,854	30,659	266	89,388	1,630	336,047	5.32
6. Wheeling, W.Va.-Ohio	122	62,552	22,692	367	94,924	1,518	258,648	6.69
7. Steubenville-Weirton, Ohio-W.Va.	118	55,176	24,121	327	85,123	1,543	260,314	6.40
8. Hamilton-Middletown, Ohio	118	106,541	34,212	515	176,779	1,659	343,260	4.85
9. Terre Haute, Ind.	116	49,356	25,754	284	76,966	1,559	271,007	6.06
10. Mansfield, Ohio	113	47,939	29,707	263	77,476	1,616	294,587	5.44
REGION TOTALS	100	15,808,424	32,600	91,735	25,638,402	1,634	281,664	5.01

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Fast-food seafood concepts might play best in Muskegon.

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prospects for Muskegon include quick-service fish/seafood, midscale family steak, fast-food chicken and ice cream. "Red Lobster does well," says Hamilton. "And I think Wendy's does well here."

In Decatur, Ill., the region's No. 2 MSA, Keith Ashby also is pessimistic about his area. "If I was going to build another restaurant, even another concept, it wouldn't be in Decatur, Ill.," says Ashby, president of the 46-year-old Swartz Restaurant.

"Right now, in the city of Decatur, everybody is coming out with all-you-can-eat buffets for $3.99. In the last six months, it seems like in order to make it in this business, you've got to feed everybody for under $5 all they want to eat."

Ashby says a full-service Mexican concept like Chi-Chi's might do well there.

—R.C.

MENU OPPORTUNITIES IN MUSKEGON, MICH.

Segment	Menu opportunity index
QSR fish/seafood	127
Midscale family steak	120
QSR chicken	119
QSR ice cream	119
Midscale varied	113
QSR doughnut	112
QSR sandwich	112
QSR pizza	110
FS fish/seafood	108
QSR retail	108
Midscale family-style	106
QSR Mexican	104
Midscale cafeteria	102
Midscale hotel	99
QSR varied menu	96
FS Mexican	86
Upscale varied	86
Upscale moderate check	84
FS Italian	82
FS Oriental	80
Upscale casual	75
Upscale hotel	73
Upscale high check	64
UNITED STATES (each segment)	**100**

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: EAST NORTH CENTRAL

MSAs	Region index	U.S. index
Muskegon, Mich.	137	143
Decatur, Ill.	135	142
Muncie, Ind.	129	135
Saginaw-Bay City-Midland, Mich.	127	133
Jackson, Mich.	126	132
Wheeling, W.Va.-Ohio	122	128
Steubenville-Weirton, Ohio-W.Va.	118	123
Hamilton-Middletown, Ohio	118	123
Terre Haute, Ind.	116	121
Mansfield, Ohio	113	119
Anderson, Ind.	113	118
Joliet, Ill.	112	117
Lansing-East Lansing, Mich.	112	117
Dayton-Springfield, Ohio	111	116
Flint, Mich.	110	115
Lorain-Elyria, Ohio	109	114
Grand Rapids, Mich.	109	114
Bloomington, Ind.	108	113
Battle Creek, Mich.	107	112
Evansville, Ind.-Ky.	106	111
Detroit	106	110
Lima, Ohio	105	110
Youngstown-Warren, Ohio	105	110
Elkhart-Goshen, Ind.	105	110
Canton, Ohio	105	110
Fort Wayne, Ind.	104	108
Springfield, Ill.	104	108
Champaign-Urbana-Rantoul, Ill.	104	108
Kankakee, Ill.	102	107
South Bend-Mishawaka, Ind.	102	107
Benton Harbor, Mich.	102	106
Janesville-Beloit, Wis.	101	106
Peoria, Ill.	101	106
Kalamazoo, Mich.	101	105
Indianapolis	101	105
Aurora-Elgin, Ill.	101	105
Rockford, Ill.	100	104
Chicago	99	104
Lafayette, Ind.	99	104
Akron, Ohio	99	103
Gary-Hammond, Ind.	98	102
Cleveland	98	102
Sheboygan, Wis.	96	101
Davenport-Rock Island-Moline, Iowa-Ill.	96	100
Toledo, Ohio	93	98
Columbus, Ohio	93	97
Cincinnati, Ohio-Ky.-Ind.	91	96
Madison, Wis.	90	94
Bloomington-Normal, Ill.	89	93
Racine, Wis.	88	92
Ann Arbor, Mich.	87	91
Kokomo, Ind.	87	91
Wausau, Wis.	87	91
Green Bay, Wis.	84	88
Eau Claire, Wis.	84	87
Milwaukee	81	85
Kenosha, Wis.	78	82
Appleton-Oshkosh-Neenah, Wis.	78	82
Lake County, Ill.	74	77
La Crosse, Wis.	74	77
REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

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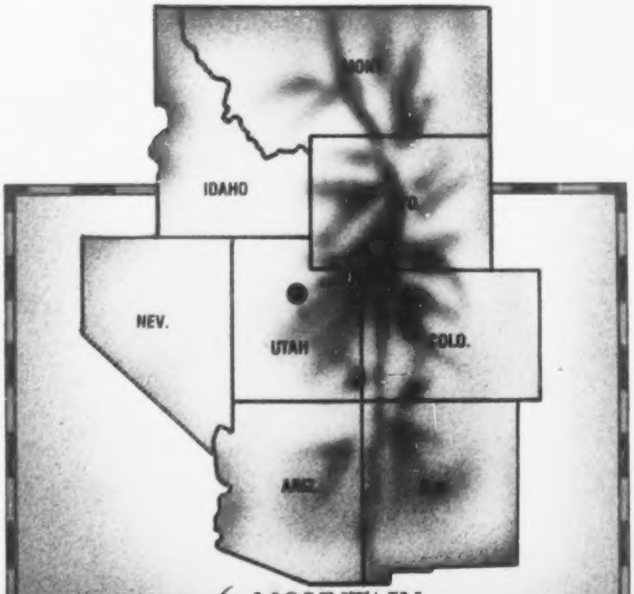

6. MOUNTAIN

New industries give Mountain towns a shot in the economic arm.

The Mountain region (index rating: 102) ranks sixth in our survey, buoyed by strong national standings of its top three areas: Provo, Utah; Cheyenne, Wyo.; and Greeley, Colo. The areas placed 12th, 14th and 22nd, respectively, in the United States for restaurant opportunity.

Provo, 44 miles south of Salt Lake City, is the site of Brigham Young University. "Up until about five years ago, Provo was a sleepy college town," says Scott Slaymaker, a T.G.I. Friday's and Tony Roma's franchisee.

However, an influx of new business, for instance, Novell, Dynex Inc. and WICAT Systems Inc., livened up the area, says Slaymaker.

The transformation is still taking place. Novell, a Provo-based operating-systems software company and developer of network services, recently announced that it is hiring 3,000 new employees. With more people holding higher-paying jobs moving into the area, demographics have shifted, and dining out has increased.

"Our income level increased just enough where people can live comfortably and go out without feeling it in their pocket," says Robb Hicken, business editor for Provo's *Daily Herald*.

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TOP 10 MSAs: MOUNTAIN REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				Income share
				Locations	1991 total sales ($000)	Per HH expenditure	Demand per location	
1. Provo-Orem, Utah	152	71,559	$26,634	315	$ 112,102	$1,567	$355,879	5.88%
2. Cheyenne, Wyo.	147	28,509	26,262	130	44,418	1,558	341,678	5.93
3. Greeley, Colo.	140	47,866	25,515	236	74,532	1,557	315,815	6.10
4. Las Cruces, N.M.	135	47,051	24,091	244	71,612	1,522	293,490	6.32
5. Salt Lake City-Ogden, Utah	119	353,200	32,047	1,825	580,695	1,644	318,189	5.13
6. Boise City, Idaho	111	79,265	29,347	461	127,653	1,610	276,904	5.49
7. Billings, Mont.	109	44,922	25,942	281	70,029	1,559	249,215	6.01
8. Denver	108	659,856	35,532	3,500	1,105,540	1,675	315,869	4.72
9. Tucson, Ariz.	104	269,840	29,959	1,609	431,538	1,599	268,203	5.34
10. Great Falls, Mont.	101	30,296	25,424	209	47,170	1,557	225,693	6.12
REGION TOTALS	100	5,149,777	29,672	32,345	8,242,676	1,601	254,836	5.39

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College-student labor, traffic help Greeley and Provo restaurants.

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Additionally, Hicken and Slaymaker agree that the presence of the university and its 26,000 students has had a stabilizing effect on the economy.

"The [student] labor supply is conducive to the kinds of jobs we offer in the restaurant industry," adds Slaymaker, whose company opened a Tony Roma's restaurant in Provo within the last year.

Hicken estimates that at least 11 other restaurants have opened in Provo in the same period, including The Olive Garden and Denny's.

Only one restaurant of the dozen featured a Mexican menu, says Hicken, which could be indicative of the growth potential for quick-service and full-service Mexican restaurants, the top two menu segments listed in our survey for the Provo area.

In the No. 2 market of Cheyenne, however, Mexican is hot. Cheyenne, which is 100 miles north of Denver, is the headquarters of Taco John's International.

"We have six [units] in Cheyenne and they are doing splendidly," says Monica Miller, public relations director for Taco John's. Miller points out that in May, company restaurant sales for the Cheyenne stores were up 19.4%.

The rest of the restaurant industry is growing too, says Miller. She cites new employers, a large Air Force base and a sizable National Guard operation as economy boosters.

"It may be that restaurant companies looked at our demographics and saw that we have a stable economy, a growing community and that we didn't really have a lot of options for where to eat. For years, most people drove 50 miles to Fort Collins, Colo., to go out to eat," says Miller.

Just southeast of Fort Collins is Greeley, the No. 3 area of opportunity. Like Provo, Greeley is a college town. It also is a shipping point for livestock and farm products. Like those of Cheyenne, residents often trek to Fort Collins for a good meal, says Pat Armijo, business writer for the *Greeley Tribune*.

Armijo notes that because of Greeley's high Hispanic population, Mexican is the only restaurant segment that is not lacking in number of units, leaving lots of room for other menu concepts.

—Brenda McCarthy

MENU OPPORTUNITIES IN PROVO-OREM, UTAH

Segment	Menu opportunity index
QSR Mexican	156
FS Mexican	132
QSR pizza	125
QSR sandwich	115
QSR doughnut	112
QSR chicken	112
Midscale family steak	110
FS fish/seafood	103
QSR fish/seafood	101
QSR ice cream	101
Midscale family-style	100
Midscale cafeteria	98
QSR varied menu	97
QSR retail	93
Upscale moderate check	93
Upscale varied	92
Midscale varied	91
FS Oriental	90
Upscale casual	89
FS Italian	86
Midscale hotel	73
Upscale hotel	73
Upscale high check	59
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: MOUNTAIN

MSAs	Region index	U.S. index	MSAs	Region index	U.S. index
Provo-Orem, Utah	152	155	Casper, Wyo.	100	101
Cheyenne, Wyo.	147	150	Colorado Springs, Colo.	98	100
Greeley, Colo.	140	143	Fort Collins-Loveland, Colo.	97	99
Las Cruces, N.M.	135	137	Albuquerque, N.M.	96	98
Salt Lake City-Ogden, Utah	119	121	Phoenix	94	96
Boise City, Idaho	111	112	Las Vegas	89	90
Billings, Mont.	109	111	Boulder-Longmont, Colo.	86	88
Denver	108	110	Santa Fe, N.M.	84	85
Tucson, Ariz.	104	106	Reno, Nev.	82	83
Great Falls, Mont.	101	102			
Pueblo, Colo.	100	102	REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

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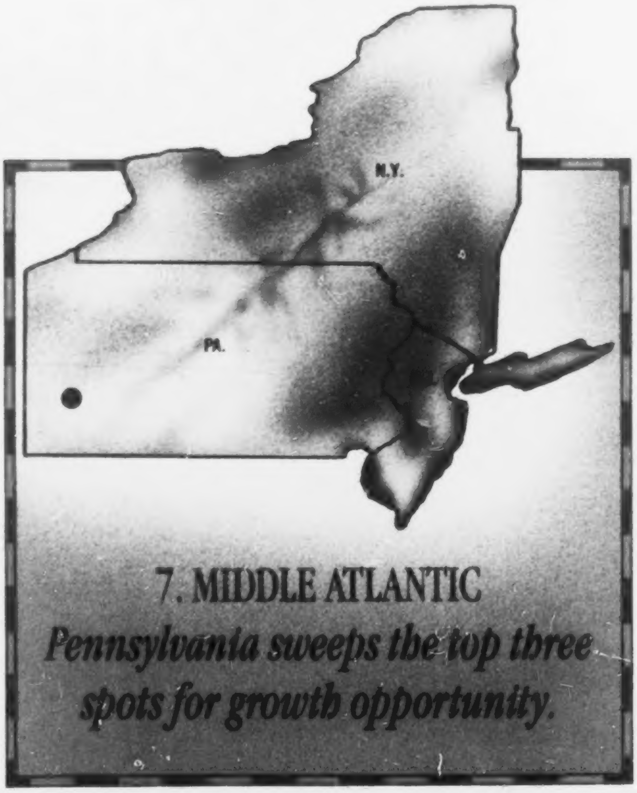

7. MIDDLE ATLANTIC

Pennsylvania sweeps the top three spots for growth opportunity.

The Middle Atlantic region finished with an index rating of 88, seventh overall. Operators *R&I* spoke with confirm the region's lackluster market and are surprised at the top two potential areas: Beaver County, Pa., and Johnstown, Pa. The No. 3 area, York, Pa., draws nods of affirmation because many Maryland dwellers—a scant 25 miles from York—have experienced high tax increases and are choosing to move to York and commute 50 miles south to Baltimore for work. Pennsylvania does not tax clothing or grocery purchases for state residents.

Johnstown, a steel town 78 miles east of Pittsburgh, and Beaver County, an industrial center 25 miles northwest of Pittsburgh, are not as ideally located as York. Their economies and employment rates have suffered greatly during the recession and their recovery has been slow in coming.

In Johnstown, steel mill closings drove the area unemployment rate upward, says Jeff McCready, a business writer for the *Johnstown Tribune-Democrat*. But the closings also injected some cash into the economy in the form of retirement packages.

"We have a lot of retired people who were offered packages," says McCready.

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TOP 10 MSAs: MIDDLE ATLANTIC REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations: Locations	1991 total sales ($000)	Per HH expenditure	Demand per location	Income share
1. Beaver County, Pa.	165	72,181	$25,383	355	$ 113,336	$1,570	$319,256	6.19%
2. Johnstown, Pa.	158	91,928	21,496	507	137,498	1,496	271,199	6.96
3. York, Pa.	154	160,016	33,364	719	265,865	1,661	369,771	4.98
4. Vineland-Millville, N.J.	144	47,684	31,400	234	77,568	1,627	331,488	5.18
5. Sharon, Pa.	143	45,834	24,814	260	70,964	1,548	272,937	6.24
6. Lancaster, Pa.	143	154,740	34,801	733	259,262	1,675	353,700	4.81
7. Altoona, Pa.	135	50,696	24,195	308	78,183	1,542	253,839	6.37
8. State College, Pa.	135	43,617	30,696	228	70,276	1,611	308,226	5.25
9. Williamsport, Pa.	133	45,412	26,788	265	71,520	1,575	269,887	5.88
10. Elmira, N.Y.	126	35,520	27,856	213	56,398	1,588	264,777	5.70
REGION TOTALS	100	14,124,860	37,857	86,184	23,461,187	1,661	272,222	4.39

Source: Equifax National Decision Systems

Construction, retiree spending help spur economic growth.

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"And these people have a lot of money. My feeling is that the retirees wield substantial power."

And McCready believes that Johnstown has opportunity for restaurant growth. "One of the industry groups with employment increases is eating and drinking places. These restaurants that open will hire maybe 50 people," he says.

Some of those restaurants will be located in or near two new mall developments being built in Johnstown. Additionally, McCready lists Chi-Chi's and Bob Evans as new restaurants already in greater Johnstown. They, as well as an older restaurant named Hoss's Steak and Sea House, "seem to have lines all the time," he says.

Hoss's Steak and Sea House of Duncansville, Pa., has 28 units in the state and plans to open two more in 1992. A Hoss's executive, who asked not to be named, said the chain's growth is attributable to its valid concept, good food and good service—a combination that, while not recession-proof, keeps a customer base.

Hoss's has units on three sides of Beaver County, including the one in Johnstown, but no restaurants are located within Beaver County. The reason, says the Hoss's executive, is Beaver County's unemployment rate.

In Beaver County, two hopeful signs exist for economic recovery. A major traffic route connecting Youngstown, Ohio, and the Pennsylvania Turnpike is being rerouted through the town. And the new Pittsburgh Airport, to be opened in October 1992, might bring even more traffic through Beaver County.

—**B.M.**

MENU OPPORTUNITIES IN BEAVER COUNTY, PA.

Segment	Menu opportunity index
QSR doughnut	115
Midscale family-style	111
Midscale varied	111
FS fish/seafood	110
QSR Mexican	110
Midscale cafeteria	107
Midscale family steak	104
QSR ice cream	104
QSR pizza	104
Upscale varied	104
QSR sandwich	101
QSR retail	100
Upscale moderate check	100
FS Italian	99
FS Mexican	99
QSR fish/seafood	99
QSR chicken	97
Midscale hotel	95
QSR varied menu	92
Upscale casual	90
FS Oriental	89
Upscale hotel	88
Upscale high check	79
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: MIDDLE ATLANTIC

MSAs	Region index	U.S. index	MSAs	Region index	U.S. index
Beaver County, Pa.	165	146	Utica-Rome, N.Y.	108	95
Johnstown, Pa.	158	140	Allentown-Bethlehem,		
York, Pa.	154	136	Pa.-N.J.	107	95
Vineland-Millville, N.J.	144	127	Syracuse, N.Y.	107	95
Sharon, Pa.	143	126	Philadelphia, Pa.-N.J.	104	92
Lancaster, Pa.	143	126	Albany-Schenectady-		
Altoona, Pa.	135	120	Troy, N.Y.	103	91
State College, Pa.	135	120	Reading, Pa.	99	88
Williamsport, Pa.	133	117	Scranton-Wilkes-Barre, Pa.	94	83
Elmira, N.Y.	126	112	Trenton, N.J.	91	81
Pittsburgh	124	110	Poughkeepsie, N.Y.	86	76
Erie, Pa.	121	107	Glens Falls, N.Y.	86	76
Binghamton, N.Y.	120	106	Orange County, N.Y.	83	74
Buffalo, N.Y.	118	104	Newark, N.J.	78	69
Harrisburg-Lebanon-			Bergen-Passaic, N.J.	75	67
Carlisle, Pa.	117	104	Nassau-Suffolk, N.Y.	67	60
Jersey City, N.J.	115	101	Middlesex-Somerset, N.J.	67	59
Niagara Falls, N.Y.	114	101	Monmouth-Ocean, N.J.	63	56
Rochester, N.Y.	113	100	Atlantic City, N.J.	58	51
New York	112	99	REGION/U.S. AVERAGE	100	100

Source: Equifax National Decision Systems

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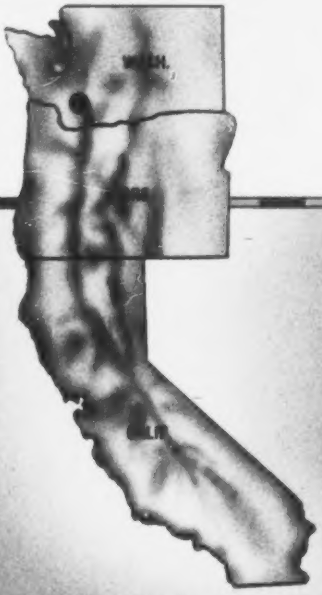

8. PACIFIC

Washington leads while California lags in opportunity.

The Pacific region, with an index rating of 85, lands eighth on our survey. Vancouver, Wash., the No. 1 area within the region, is representative of the strong showing of the Pacific Northwest: seven out of the 10 top Pacific areas are in Washington and Oregon.

Helping Vancouver is a rapidly growing high-tech industry; Hewlett-Packard is about to replace James River, the paper mill, as the area's largest employer. And Jerry Rhodes, business reporter for *The Columbian*, Vancouver, sees restaurant potential.

"There is room for growth," says Rhodes. "I'd question Mexican, though." Quick-service Mexican tops the menu segments for opportunity, but Rhodes mentions five units located within a two-mile stretch. He adds, however, that Taco Bell is expanding.

Jeff Lightburn, director of corporate communications for Irvine, Calif.-based Taco Bell, sees opportunity for Mexican in Vancouver.

"Mexican food is a very popular niche. We have four restaurants there," says Lightburn.

The Pacific's No. 2 and No. 3 areas, Yuba City and Chico, are located in California. Both lie north of Sacramento—Yuba City by

continued on page 138

TOP 10 MSAs: PACIFIC REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				Income share
				Locations	1991 total sales (000)	Per HH expenditure	Demand per location	
1. Vancouver, Wash.	176	91,115	$31,314	388	$ 149,432	$1,640	$385,135	5.24%
2. Yuba City, Calif.	175	43,795	23,107	217	66,356	1,515	305,786	6.56
3. Chico, Calif.	159	73,474	23,103	404	111,475	1,517	275,928	6.57
4. Salem, Ore.	156	103,548	26,692	539	162,960	1,574	302,338	5.90
5. Merced, Calif.	154	56,935	26,382	299	88,980	1,563	297,594	5.92
6. Tacoma, Wash.	153	220,457	30,064	1,086	355,060	1,611	326,943	5.36
7. Bremerton, Wash.	151	72,216	32,618	348	119,134	1,650	342,340	5.06
8. Olympia, Wash.	145	64,203	29,619	339	103,351	1,610	304,871	5.43
9. Eugene-Springfield, Ore.	143	112,315	26,513	638	175,971	1,567	275,817	5.91
10. Spokane, Wash.	141	143,374	26,977	814	225,231	1,571	276,696	5.82
REGION TOTALS	100	14,258,468	37,091	92,838	23,690,096	1,661	255,177	4.48

Source: Equifax National Decision Systems

Resident migration from urban areas helps Yuba City and Chico.

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45 miles and Chico by 90 miles. Yuba City is an agricultural center, while most of Chico's residents work in education, retail and government.

Though the agriculture industry in Yuba City is suffering, the population is booming, says Bob Magnetti, assistant food editor at the *Appeal-Democrat*, Marysville, Calif. Its cheaper housing is attracting Sacramento residents. It is these people who will support the restaurant industry.

A similar migration situation is at work in Chico, where Bay area and Southern California residents are relocating. Chico is considered a recreational destination and has a lower crime rate than urban areas, says Laura Urseny, business editor for the Chico *Enterprise Record*.

[illegible]

[illegible]	Region index	U.S. index
Vancouver, Wash.	**176**	**149**
Yuba City, Calif.	**175**	**148**
Chico, Calif.	**159**	**134**
Salem, Ore.	**156**	**132**
Merced, Calif.	**154**	**131**
Tacoma, Wash.	**153**	**130**
Bremerton, Wash.	**151**	**128**
Olympia, Wash.	**145**	**123**
Eugene-Springfield, Ore.	**143**	**121**
Spokane, Wash.	**141**	**119**
Stockton, Calif.	**140**	**119**
Yakima, Wash.	**140**	**118**
Vallejo-Fairfield-Napa, Calif.	**140**	**118**
Modesto, Calif.	**138**	**117**
Richland-Kennewick-Pasco, Wash.	**137**	**116**
Redding, Calif.	**135**	**114**
Medford, Ore.	**135**	**114**
Visalia-Tulare-Porterville, Calif.	**133**	**113**
Riverside-San Bernardino, Calif.	**132**	**111**
Portland, Ore.	**131**	**111**
Sacramento, Calif.	**123**	**105**
Seattle	**118**	**100**
Bellingham, Wash.	**117**	**99**
Santa Rosa-Petaluma, Calif.	**115**	**97**
Bakersfield, Calif.	**113**	**96**
San Diego	**109**	**93**
Fresno, Calif.	**107**	**91**
Anchorage, Alaska	**106**	**90**
Santa Cruz, Calif.	**99**	**84**
Oxnard-Ventura, Calif.	**98**	**83**
San Jose, Calif.	**92**	**78**
Santa Barbara-St. Maria, Calif.	**89**	**75**
Salinas-Seaside-Monterey, Calif.	**88**	**75**
Oakland, Calif.	**86**	**73**
Honolulu	**85**	**72**
Los Angeles-Long Beach, Calif.	**83**	**70**
San Francisco	**72**	**61**
Anaheim-Santa Ana, Calif.	**70**	**59**
REGION/U.S. AVERAGE	**100**	**100**

[illegible]

[illegible]

[illegible]	[illegible] opportunity
QSR Mexican	**127**
QSR doughnut	**119**
QSR pizza	**115**
FS Mexican	**113**
Midscale family-style	**109**
Upscale moderate check	**105**
Upscale varied	**105**
QSR sandwich	**104**
Upscale casual	**103**
FS fish/seafood	**101**
FS Italian	**101**
Midscale varied	**100**
QSR ice cream	**100**
Midscale family steak	**98**
QSR varied menu	**96**
FS Oriental	**95**
Upscale hotel	**92**
QSR fish/seafood	**91**
Midscale cafeteria	**90**
QSR chicken	**89**
QSR retail	**89**
Midscale hotel	**87**
Upscale high check	**81**
UNITED STATES (each segment)	**100**

[illegible]

Urseny also expresses some surprise at Chico's third-place ranking, however. While Chico does have a strong labor pool of students from Chico State University who work in restaurants, it has also seen restaurants go under in summer when many students leave. Fast-food chains fare better. "They are popping up all over," says Urseny.

And while unemployment in Butte County, where Chico is located, is the highest in seven years, Urseny sees some retailers taking advantage of the slow economy by building cheaper and financing at lower rates. "It may be the same feeling in the restaurant business," she says.

—B.M.

continued from page 138

That New England (index rating: 81) trails the other eight census regions is no surprise: Both the West and the East Coast have been hardest hit by the recession.

Even region No. 9 has a No. 1 area of opportunity, though, and in New England it is Lewiston-Auburn, Maine. Located in the southwest corner of the state, Lewiston-Auburn is 135 miles north of Boston. Traditionally an industrial, wholesale and agricultural center, it has suffered an erosion of its industry sector with the loss of its textile manufacturing base.

For at least one restaurant chain, however, the talented personnel set adrift by the recession resulted in an increased interest in franchising.

"As people started to lose jobs here, they looked for the support a franchise offers," says Tom Farr, Maine's Subway development agent. "And they looked at Subway and saw that no stores were failing."

Far from failing, in fact, Maine Subway stores open for more than a year had an average 12% increase in sales for 1991, topping the national average increase of 9%, says Farr.

Subway has not yet reached the saturation point

continued on page 142

MAINE
VT.
N.H.
MASS.
CONN.
R.I.

9. NEW ENGLAND

New England's job-loss rate piques interest in franchising.

TOP 10 MSAS: NEW ENGLAND REGION

	Restaurant opportunity index	1991 est. households	1991 est. median income	Eating and drinking locations				
				Locations	1991 total sales (000)	Per HH expenditure	Demand per location	Income share
1. Lewiston-Auburn, Maine	169	40,668	$29,164	192	$ 65,076	$1,600	$338,937	5.49%
2. Bangor, Maine	160	55,091	28,722	277	87,809	1,594	317,002	5.55
3. Springfield, Mass.	122	222,908	36,780	1,254	371,940	1,669	296,603	4.54
4. New Bedford-Fall River, Mass.	112	190,282	35,324	1,190	314,154	1,651	263,995	4.67
5. Hartford-New Britain-Middleton, Conn.	112	432,137	47,867	2,270	758,835	1,756	334,289	3.67
6. Burlington, Vt.	109	49,776	41,459	294	85,407	1,716	290,500	4.14
7. Worcester-Fitchburg, Mass.	108	265,138	41,468	1,565	451,720	1,704	288,639	4.11
8. New London-Norwich, Conn.	107	95,233	42,113	578	164,920	1,732	285,328	4.11
9. Portland, Maine	104	96,536	37,179	639	162,048	1,679	253,596	4.51
10. New Haven-Waterbury-Meriden, Conn.	101	310,221	43,120	1,912	533,611	1,720	279,085	3.99
REGION TOTALS	100	5,029,227	43,036	30,993	8,584,481	1,707	276,981	3.97

[illegible]

Operators open restaurants, but open them with reservation.

continued from page 140

in Maine; in 1990 that state had only two stores. This, coupled with national advertising, has contributed to the chain's Maine success, says Farr.

Phil Libby, co-owner of Sam's Italian Foods, Lewiston, agrees: "For restaurants, this was virgin territory up until a few years ago. The chains hadn't really got this far out yet."

But his seven-unit, quick-service Italian restaurant has not shared the same success as Subway. "Traffic is down for the last two years," says Libby.

The reason could be that Sam's is in a menu segment with less potential. *R&I*'s survey results show that in Lewiston-Auburn, opportunity lies in quick-service seafood, ice cream and midscale family steakhouses.

"That may be an accurate assessment," says Mark Mogensen, assignment editor for the Lewiston *Sun-Journal*. "There certainly aren't any quick-service seafood restaurants that stand out here. In general, the seafood restaurants tend to be 'sit-down-and-enjoy-yourself.'"

Mogensen adds that though many businesses have been closed, the stories the *Sun-Journal* has published recently about new businesses have been about restaurant and bar/club openings.

Two other survey areas pegged for growth in the New England region are Bangor, Maine, and Springfield, Mass. Bangor is about 90 miles northeast of Lewiston-Auburn.

Carroll Astbury, business editor for the Bangor *News*, says that for a city its size, Bangor has an "incredible mix" of restaurants, a fact that, in his opinion, makes the market saturated.

"But there are a lot of little chains we don't have," he adds. "And Red Lobster just moved in, so they must have done some sort of research on the area."

Springfield, located 89 miles west of Boston, is the site of three recently opened Little Caesar's units. Other chains new to the area have opened as well, says Nancy Piccin, business editor at the Springfield *Union-News*. Piccin also notes that the family-dining chain Friendly's is based in a suburb of Springfield, and that it is steadily expanding.

—B.M.

MENU OPPORTUNITIES IN LEWISTON-AUBURN

segment	Menu opportunity index
Midscale family steak	146
QSR fish/seafood	120
QSR ice cream	119
Midscale varied	117
QSR chicken	117
QSR sandwich	111
QSR retail	110
QSR doughnut	108
QSR pizza	108
FS fish/seafood	104
Midscale family-style	103
QSR varied menu	102
Midscale cafeteria	101
QSR Mexican	100
Midscale hotel	97
Upscale varied	92
Upscale moderate check	84
FS Oriental	83
FS Italian	80
FS Mexican	80
Upscale hotel	70
Upscale casual	69
Upscale high check	63
UNITED STATES (each segment)	100

Source: Equifax National Decision Systems
Key: QSR—quick-service restaurant; FS—full-service

RESTAURANT OPPORTUNITY INDEX: NEW ENGLAND

[illegible]	Region index	U.S. index
Lewiston-Auburn, Maine	169	138
Bangor, Maine	160	130
Springfield, Mass.	122	100
New Bedford-Fall River, Mass.	112	91
Hartford-New Britain-Middleton, Conn.	112	91
Burlington, Vt.	109	89
Worcester-Fitchburg, Mass.	108	88
New London-Norwich, Conn.	107	87
Portland, Maine	104	85
New Haven-Waterbury-Meridien, Conn.	101	82
Providence-Pawtucket-Woonsocket, R.I.	101	82
Boston-Lawrence-Salem-Lowell, Mass.	97	79
Pittsfield, Mass.	92	74
Manchester-Nachua, N.H.	91	74
Portsmouth-Dover-Rochester, N.H.	85	69
Bridgeport-Stamford-Norwalk, Conn.	80	65
REGION/U.S. AVERAGE	100	100

[illegible]

R&I PRODUCT CATALOG

368 COOKIES

A new price and new packaging for the single-serve 2-pack large cookie line (chocolate chip, sugar, brownie and oatmeal) has been announced. (800) 327-4042. ***Pepperidge Farm Foodservice.***

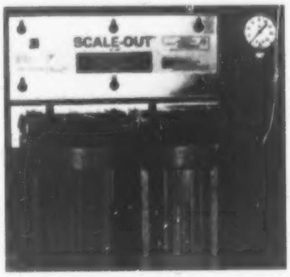
2 Chocolate Chip
2 Sugar
2 Oatmeal
2 Brownie

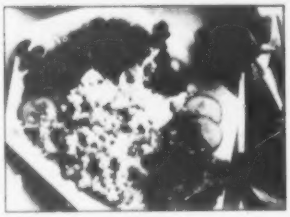
376 SWEETENER

Sprinkle Weight Watchers Sweet'ner over fruit and hot and cold cereal, and in beverages. ***Weight Watchers Intl. Inc.***

369 FILTERS

ScaleOUT™ filters prevent premature wear of ice, coffee and beverage dispensing equipment and decrease maintenance, repairs and down-time. ***Selecto Inc.***





370 COTTAGE CHEESE

Light n' Lively® low-fat cottage cheese now is available in 3- and 5-lb. tubs, and in plain and flavored 4-oz. cups. Serve in salads or as a side dish. (800) 962-2779. ***National Dairy Products Corp.***

371 BANANAS

Three different forms of Sliced Bananas have been introduced to meet specific requirements of applications where piece identity is required including shelf stable, refrigerated and frozen uses. Available in Frozen Block and IQF 48-lb. bag-in-box cartons, both packed in ascorbic acid to preserve natural color. Sliced Bananas also are available in light syrup packed in No. 10 cans. (800) 438-0015. ***Chiquita Brands Inc.***

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Low Fat
Muffin Batter

372 BATTER

Frozen Low-Fat Blueberry Muffin Batter contains no cholesterol and only 2 grams of fat per 2½-oz. muffin. The batter is packed in 8-lb. tubs, 4 to a case, and yields 176 to 184 muffins per case. Batter lasts in the freezer for up to 6 months and, once thawed, can be refrigerated for up to 48 hours. Mini muffins, Texas-style large muffins and demi-loaves are batter usage alternatives. (800) 255-4129. ***The Quaker Oats Co.***

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AUGUST 26, 1992

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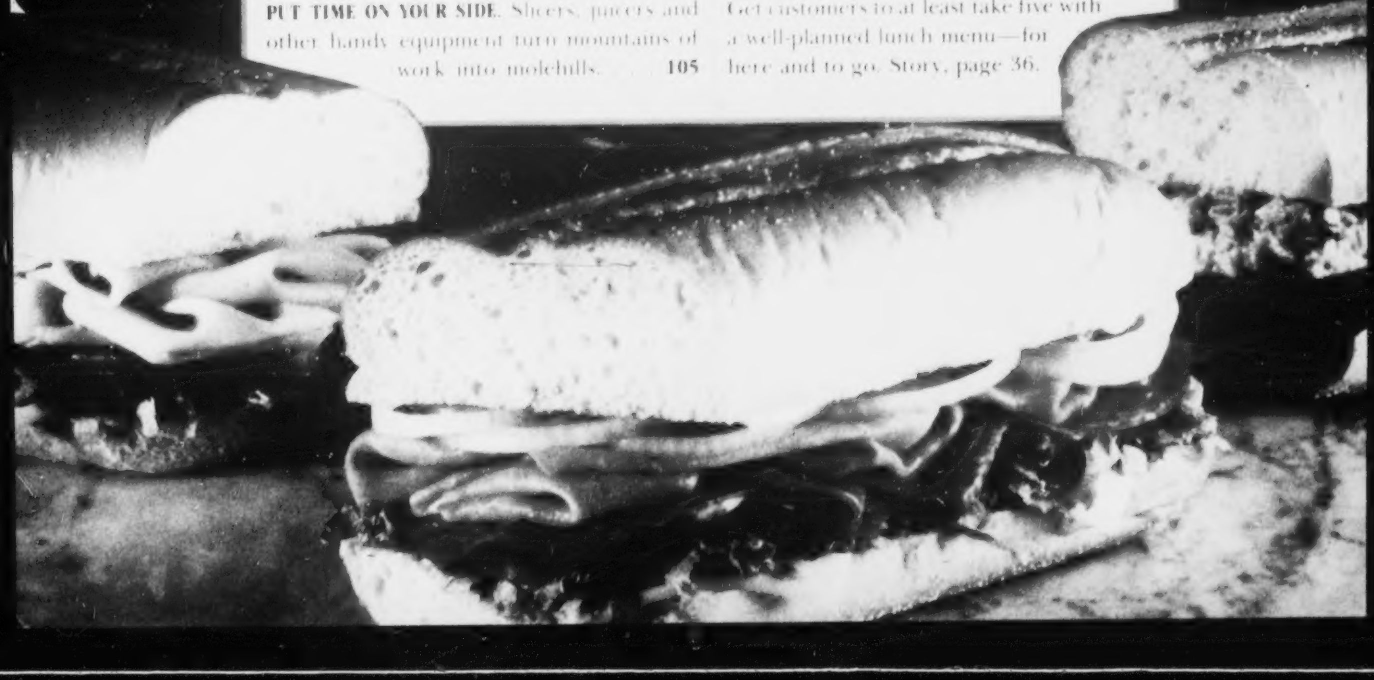
Get customers to at least take five with a well-planned lunch menu—for here and to go. Story, page 36.



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SMART SCHOOLS

The country's hospitality and culinary schools diversify programs and offer more disciplines to attract students. Plus: Management shakeup at University of Houston and a swinging new program at Penn State **12**

ETHNIC MENU NEWS

Anaheim, Calif.-based The Green Burrito adds marinated-chicken tacos, burritos and tostadas to the menu. ... Ho Lee Chow adds kids' selections and rearranges its menu, giving customers more information about China in the process. **22**

CHICKEN HOLDS COURT

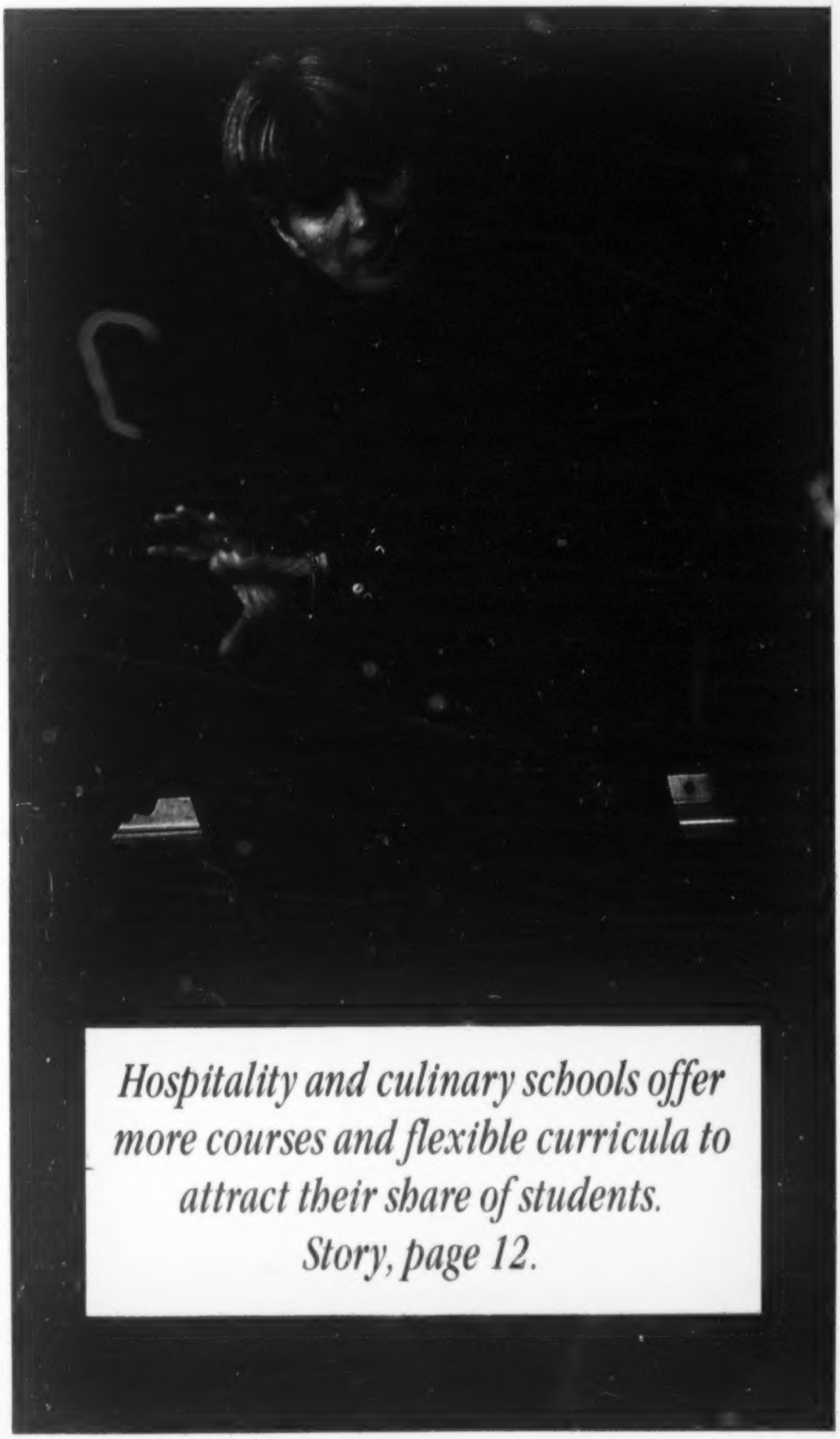
The new CARLSONREPORT shows chicken grabbing the biggest share of food-court sales, with overall food-court sales increasing 24% over last year. **22**

HELLO, RUBY TUESDAY

Morrison plans to turn up the volume on Ruby Tuesday, its formerly quiet 165-unit chain. In the works: New marketing plans, aggressive expansion out of the South, new menu items such as fajita pizza and new entree salads, plus a corporate restructuring. **27**

SHAKEUP AT S&A

S&A President Donald Slater, Chief Financial Officer Robert Svehlak, Research and Development and Purchasing Vice President Andrew Revella and Steak & Ale Senior Vice President J. Camp Fitch were fired from the Dallas-based chain in July. Policy disagreements with parent Metromedia or wrongdoing on the part of the executives? Charles Bernstein reports. **30**



Hospitality and culinary schools offer more courses and flexible curricula to attract their share of students. Story, page 12.

Fajitas De Pollo burritos, tostadas and tacos are new at The Green Burrito.

Green Burrito Expands Menu

Anaheim, Calif.-based The Green Burrito added three new Fajitas De Pollo menu items in mid-June. All are made with marinated chicken and include a soft taco for $1.29, a burrito for $2.69 and a tostada, $2.99.

"Our goal was to develop a chicken item with a unique taste," says Ruben Rodriguez, chairman of the 50-unit chain.

To achieve that unique taste, the chicken is marinated in a blend of Southwestern herbs and spices, which The Green Burrito would not reveal.

The Fajitas De Pollo soft taco and burrito are warm flour tortillas filled with the specially seasoned chicken, grilled onions, bell peppers, lettuce, tomatoes and both Monterey Jack and Cheddar cheeses. The tostada is a crisp tortilla bowl filled with chicken, beans, lettuce, guacamole, sour cream and both cheeses. It is served with tomatoes, onions and chunky salsa. Patrons may request hot sauce.

—Brenda McCarthy

Ho Lee Chow Redesigns Menu

Chinese chain Ho Lee Chow, Ann Arbor, Mich., has redesigned its menu for the second time in 1992. The results are a more organized entree selection, an added kids' menu and an educational portion of the menu that tells customers about different Chinese regional cuisines and the endangered panda bear.

"We're trying to give our customers a chance to be educated about Chinese cuisine and our logo, the giant panda," says Diane Bareis, spokeswoman for the six-unit chain.

The new Kid's Corner menu section offers mini egg rolls, chicken nuggets, a kids' combo and curly fries.

"We offer the fries to keep kids happy," says Bareis, who adds that the fries are served with either ranch dressing or Soo Guy, a mild Oriental dipping sauce.

The adult-portion entrees were reorganized under headings such as chicken, pork, vegetables and beef, rather than under regional headings such as Henan or Szechwan.

The menu also features a short glossary of Oriental-cuisine terms. **—B.M.**

CHICKEN GRABS LARGEST SHARE OF FOOD-COURT DOLLAR

Fast-food sales at shopping-center food courts increased 24% over 1991, with chicken seizing most of the food-court dollar, says the 1992 CARLSONREPORT. Even when adjusted for inflation (20.8%), the 1992 figure reflects record gains contrasting with last year's 4.5% sales slump.

Chicken's 10.71-cent share of the food-court dollar was nearly double the average share of 5.9 cents, though it reflected a 4% drop from last year. In terms of average unit sales dollars, however, chicken came out on top again with $631,510, a 26% increase.

Hot dogs saw the biggest increase in food-court dollar share—44%—even with a below-average share of 5.16 cents. Sandwiches also posted big gains in dollar share with a healthy 8.22 cents, creating a 39% gain over last year.

The biggest losers in the race for the food-court dollar were yogurt and pizza, both down by 29%. It is an especially sharp dive for yogurt, which just last year recorded the fourth-highest sales volume among the 16 food-court vendor categories surveyed. Yogurt's dollar share (3.47 cents) was below average, but pizza managed to remain one of the five menu segments that held a better than average share (7.11 cents).

Hamburgers, with a share of 9.62 cents, and sandwiches' 8.22 cents joined Mexican, 6.07 cents, to round out the top five. This year's survey covered 17 menu categories made up of 928 total units. **—B.M.**

WHERE THE FOOD-COURT DOLLAR WAS SPENT IN 1992

Category	No. of units	1992 share	% change
Chicken	45	10.71¢	-4%
Hamburgers	82	9.62	18
Other	89	8.76	28
Sandwiches	122	8.22	39
Pizza	101	7.11	-29
Mexican	68	6.07	-26
Chinese	87	5.81	14
Seafood	23	5.61	-3
Pastry/croissant	25	5.44	-17
Hot dogs	91	5.16	44
Other Oriental	12	4.45	NA
Barbecue	15	4.28	9
Cookies	26	4.02	-18
Potatoes	30	3.91	-5
Ice cream	40	3.74	-12
Greek	29	3.62	-28
Yogurt	43	3.47	-29

Source: 1992 CARLSONREPORT/Centermation Systems

NATIONAL CHICKEN MONTH

The National Chicken Month promotion kit includes merchandising materials, such as tent cards, place mats, colorful badges, mobiles, caps and aprons, log sheets and camera-ready art to help operators promote chicken in September and year-round. ***National Broiler Council.*** **360**

400 SOFT SERVE MACHINE

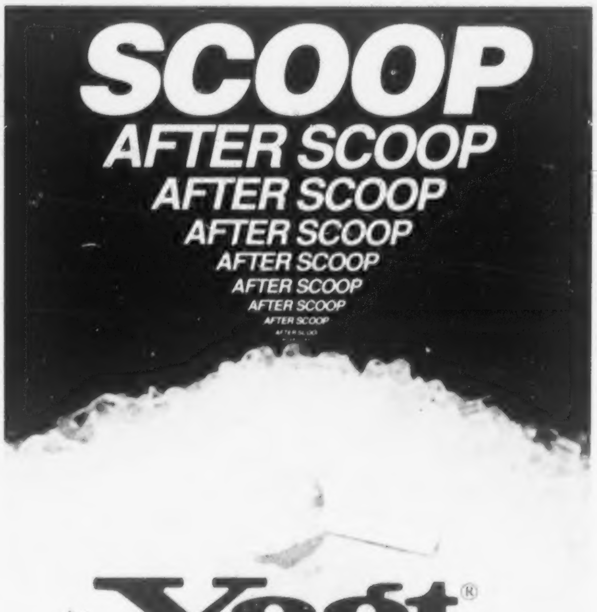
Model CS II countertop unit dispenses soft-serve desserts as twist cones or 2 separate flavors. Standard features include mix-level indicators, self-closing spigots and night switches. ***Electro Freeze Div., H.C. Duke & Sons Inc.***

361 NUTS

The buttery flavor of popular macadamia nuts lends an exotic appeal to ordinary salads, appetizers, entrees and desserts. ***Blue Diamond Growers.***

362 SWEETENER

Serve Sweet 'N Low® sugar substitute in portion packs with hot and cold beverages such as iced tea. (800) 832-4968. ***Sugar Foods Corporation.***



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363 COLA

Caffeine-free regular and diet colas are now available in 8-oz. cans. According to the manufacturer, all the flavors are low in sodium, making them suitable for restricted diets. ***Shasta Beverages.***

364 DATING AND CODING SYSTEMS

DayMark introduces new dating and coding systems that are designed to improve foodservice operations' inventory rotation, minimize spoilage and reduce losses. (800) 847-0101. ***DayMark.***

365 SEASONING

Wright's® Hickory Seasoning boosts the barbecue taste in beef, pork, chicken or fish, according to the manufacturer. Product is formed by a process in which the vapor from burning fresh-cut hickory hardwood chips is condensed, purified, aged, blended and bottled. (800) 852-9393. ***Nabisco Foods Group.***

366 BROILER

The Turbo Broiler™ utilizes an innovative radiant and baffle design, which produces up to 150F more heat, according to the manufacturer. The unique radiants allow the unit to heat up in 5 minutes. The broiler's construction includes cast-iron burners and top grates, noncorrosive finish and insulated body. Other features include a removable stainless-steel splash guard, and stainless steel front panel, nosing and side panels. ***Rankin-Delux Inc.***

367 WASTE BAGS

HMW-HD waste bags are ideal for heavy or wet trash with puncture resistance and proven strength. The bags feature multi-layered seals that guard against leaks, according to the manufacturer. Individually folded for convenience, the bags are available in a full range of weights and sizes. (800) 241-3888. ***Mobil Chemical Co.***

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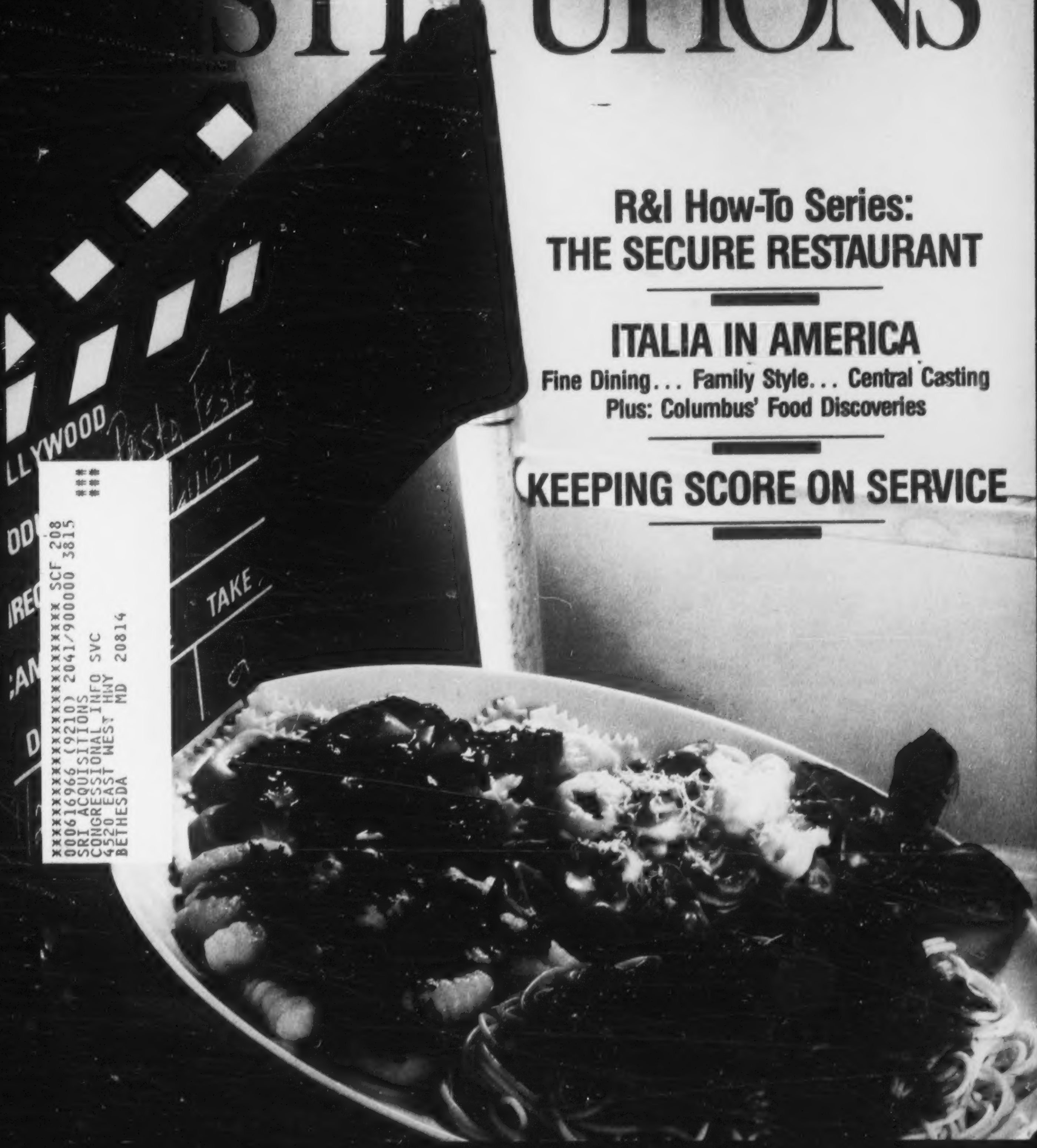

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Restaurateurs are a lot more willing to please customers than customers realize, reveals a survey done by MasterCard International of critics, owners and customers. 27

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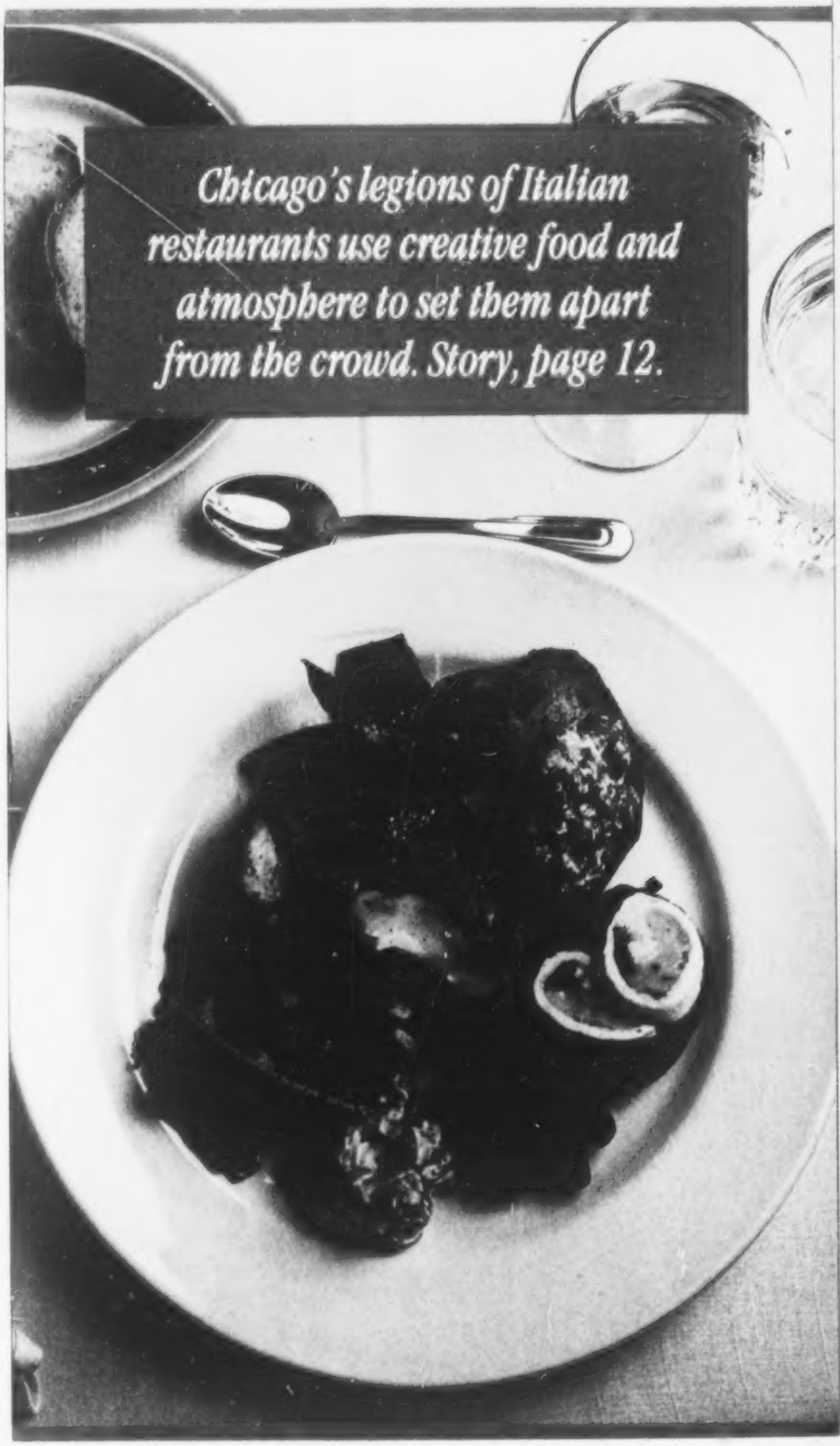


Chicago's legions of Italian restaurants use creative food and atmosphere to set them apart from the crowd. Story, page 12.

Make Guests Aware Of Their Options

While 53% of restaurateurs say it's fine for customers to change an order even after it has been placed with the kitchen, only 23% of consumers believe they should have that right. And while 69% of operators say guests may substitute an item on the menu, only 47% of consumers feel they should be able to do so.

Those disparities—and more—turned up in a recent survey of 1,000 consumers and 150 restaurateurs and restaurant critics about customer service options, done by MasterCard International.

"The survey results show that restaurateurs are more willing than ever to go the extra mile for their customers," says Ellen Alexander, vice president of restaurant marketing for MasterCard International. "But most diners don't realize how far a restaurateur will go, or that they have rights as customers. Operators need to train employees to make sure customers are comfortable with their decisions."

For example, 72% of restaurateurs will send back properly prepared food just because it doesn't meet a customer's taste expectations. However, only 55% of customers are aware of that option.

The survey also reveals restaurant critics' biases. For example, more critics than patrons dislike service charges in lieu of tips, and more critics think they should be able to make more substitutions and special requests.

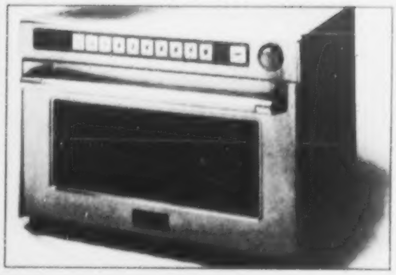
Survey results also point out consumers' concern about value. While food quality and service are important in the restaurant decision-making process for consumers, operators can differentiate themselves by offering consumer's favorite service extra—complimentary appetizers.

—J.W.

MASTERCARD'S CUSTOMER BILL OF RIGHTS SURVEY

Which is your favorite service "extra"? (To restaurateurs: Which extra do you offer guests?)	**CONSUMERS**	**RESTAURATEURS**	**CRITICS**
☐ A complimentary appetizer	32%	11%	56%
☐ To be asked if you'd like leftovers wrapped	24	97	8
☐ Free mints, cookies or an after-dinner drink provided at the end of a meal	19	44	23
☐ Free valet parking	14	11	8
☐ Free coat check	6	43	4
Which rights should patrons have?			
☐ Ask to be seated elsewhere if you are unhappy with your table selection	75%	99%	92%
☐ Send back properly prepared food just because you don't like its taste	55	72	44
☐ Make reservations for a small party	54	73	93
☐ Substitute items and request special orders	47	69	76
☐ Ask for a different server-	31	73	43
☐ Change an order even after it has been placed with the kitchen	23	59	35
Which restaurant policy do you dislike the most? (To restaurateur: Which policy do you think your customers dislike the most?)			
☐ Gratuity automatically added to the bill	45%	61%	55%
☐ Getting charged for coffee and tea refills	17	9	13
☐ Having orders itemized unclearly	13	7	12
☐ Having the server refuse to split the bill	8	13	11
☐ Being unable to have the bar tab carried over to the dinner bill	7	4	7
☐ Receiving a bill without the tax being broken out	5	3	1
What is the most annoying thing a server can do?			
☐ Refuse to put orders on separate checks	33%	25%	27%
☐ Be unfamiliar with the menu	26	41	31
☐ Give oral delivery of a long list of specials without prices or any written backup	25	17	37
☐ Say, "Sorry, no substitutions"	13	16	5

Source: MasterCard International, 1992



375 MICROWAVE

The HM-1600 microwave is designed with a pull-down door and double shelf to add cook space and convenience, according to the manufacturer. Eight keys are programmable on the unit for up to 16 different settings and 5 different ranges—high, medium, low, defrost and stand. ***Hobart Corp.***

376 ROLL-IN RACKS

Cres-Cor's Model 207-UA-13 universal roll-in racks feature open wire pan supports to improve blast-chill efficiency. This new design maximizes air circulation to help speed the cook/chill process. ***Cres-Cor/Crown-X, Crescent Metal Products Inc.***

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Winter Menus…

Signature Holiday Feasts…Coffee Drinks

1992 RCI Kitchen Design Awards

VOL. 102, NO. 24

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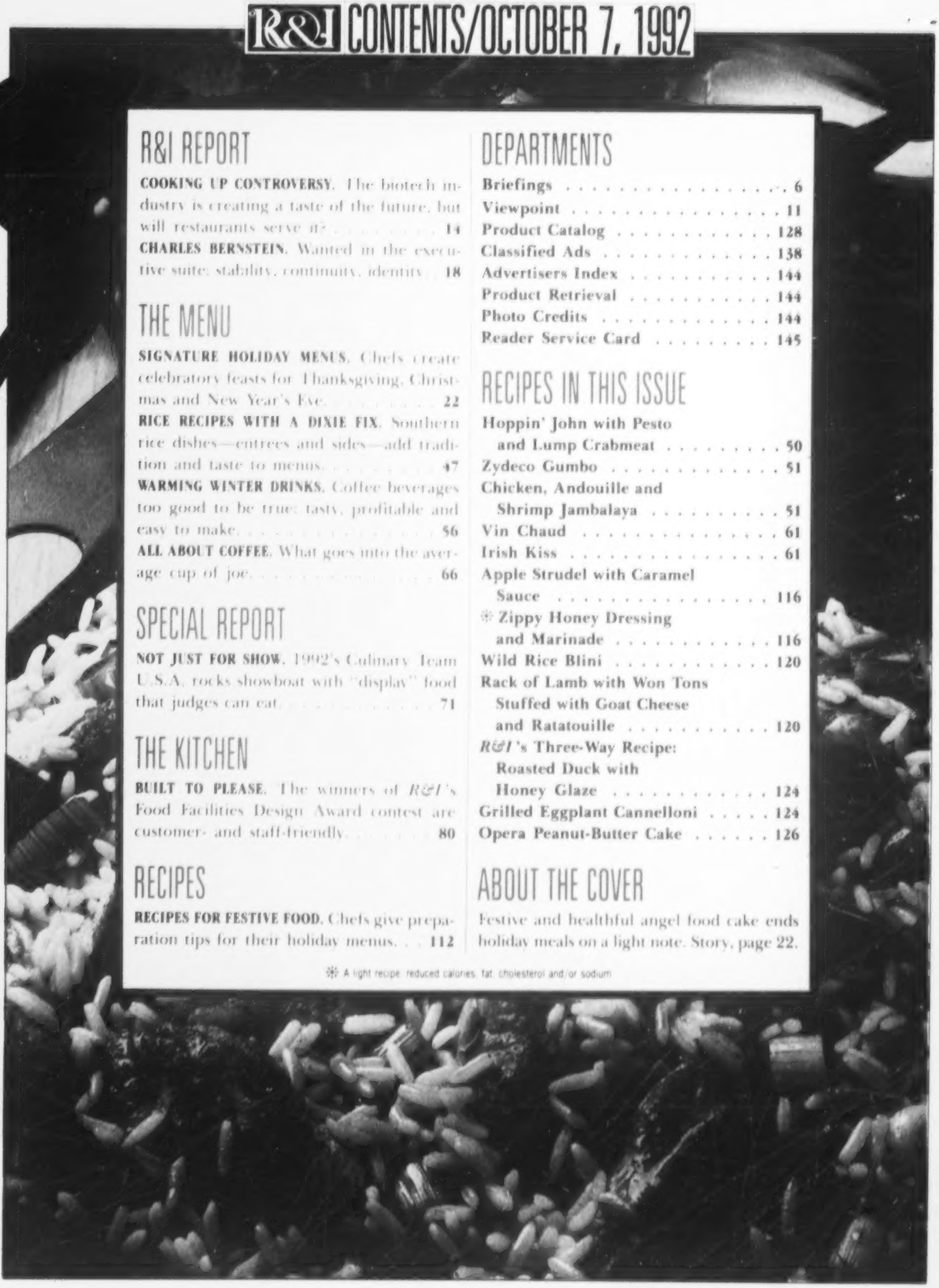

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ABOUT THE COVER

Festive and healthful angel food cake ends holiday meals on a light note. Story, page 22.

❊ A light recipe: reduced calories, fat, cholesterol and/or sodium

R&I BRIEFINGS

QUOTABLES

On consultants . . .

"Your antennas, your own individual antennas, generally tell the direction you need to go in. Yes, you need help along the way. But don't lose the internal compass that's driving your own system and your own business, because you didn't get there [without] some wealth of knowledge in the area that you're working in."

—John Teets, Chairman, The Dial Corp.

STATS

Trash Math

We thought we'd throw out the latest numbers on trash from the EPA.

- America now recycles 17% of its trash, up from 7% in 1980.
- Proving it's still a disposable society, Americans got rid of 196 million tons of garbage in 1990, 8% more than in 1988. That's about 4.3 pounds per person per day.
- Paper is still the biggest trash item in the United States, while the volume of foodservice packaging is only between 1% and 2%.
- In some areas, landfill is no longer an option, so in the '90s, we'll *burn* more trash in incinerators.

PEOPLE

Silver Plate Turnarounds

As Charles Bernstein documents in his column, "Wanted in the Executive Suite: Stability, Continuity, Identity," smart companies maintain stability by not shuffling top people. On the other hand, astute use of executive talent in the short term can help the industry.

A case in point is Steve Leipsner, an IFMA Silver Plate winner and shrewd foodservice operator. During his decade at Marriott, Leipsner enhanced the Marriott profile by introducing brand-name chains into the company's Travel Plaza operations. When Service America was on the financial ropes, it inveigled Leipsner to leave Marriott and help in a critical restructuring, which he accomplished over three years.

Now, Leipsner has accepted a new challenge—to repair the ailing Metromedia restaurant empire of Steak & Ale, Bennigan's, Ponderosa and Bonanza steakhouses, very much in need of a quality transfusion to win back disenchanted customers.

A Leipsner success here can only help everyone in the business and will likely establish him as the man to call when there's major repair work to be done.

PROMOTIONS

Restaurant Politics

Two ways to get into the campaign fray:

Charlie Brown's (Restaurant Enterprises Group) tried to have fun and sell prime rib with its "Prime Rib Dinner, $9.95 (includes your choice of *potatoe*)" campaign. But customers, wanting to protect the chain's good name—believe it or not—carped at them for being political. Charlie Brown's pulled the ad.

In a more practical tactic, **Domino's** is helping register voters by offering a free topping to anyone who fills out a registration card when picking up a carryout pizza. Champion of voter registration Jesse Jackson should send Tom Monaghan a thank-you note.

WHAT SERVICE REVOLUTION?

With all the talk about quality service, we asked 100 operators if they had instituted any new service procedures in the last six months. Their answer:

YES: 20% **NO: 80%**

Source: Cahners Bureau of Foodservice Research

INFOSOURCES

Continuing Education

- The Culinary Institute of America, Hyde Park, N.Y., offers more than 40 short courses in cuisine, from basic skills to specialized ethnic dishes, such as a recent session taught by one of Spain's premier chefs. For a catalog, call: (800) 888-7850.
- Anglophiles should take advantage of a trip *R&I* is co-sponsoring with Reed Exhibition Companies to London and Birmingham, England, for Hotelympia, the main foodservice show in the United Kingdom. Side trips will include the opportunity to meet foodservice and hospitality experts, dining in representative English restaurants, visits to food shops, etc. Dates: Jan. 23-29. For information, call: (708) 390-2028. **—The Editors**

R&I PRODUCT CATALOG

366 LAMB

Each cut (shoulders, legs, racks, loins) of certified lamb is carefully selected, sized and trimmed to minimize waste, according to the manufacturer. (800) 423-6204. ***John Morrell Foodservice.***

367 MICROWAVES

Microwaves feature an uneven energy distribution that puts more energy on the hard-to-heat center of the product and less on the easy-to-heat outer edges. (800) 553-0384. ***Panasonic.***

368 ALMONDS

Accent baked goods with almonds. For example, dress up the ordinary chocolate cake with chopped almond pieces. ***Blue Diamond Growers.***

TEA CONTEST

The 1992 Creativi-Tea contest for all college and university foodservice operators invites directors to develop a merchandising or promotional campaign for hot or iced Tea during the 1992-1993 academic year. The winner will receive free air fare and hotel accommodations to the 1993 NACUFS convention. (800) 331-8414. ***Tea Council of the USA.***

369 TRAINING PROGRAMS

Two new foodservice training videos have been released entitled "Module 2: Food Cost Control" and "Module 3: Foodservice Sanitation." The videos are targeted toward employees 16- to 35-years old. Kit includes VHS videocassette; a trainer lesson plan; and 10 activity workbooks that can be customized. (800) 347-6994. ***FSTV.***

370 WASTE EQUIPMENT

Mini Pulper waste pulping system handles up to 475 lb. of food waste per hour. Pulper chews waste, squeezes waste and compacts waste into semi-dry pulp. Manufacturer states waste volume is reduced by 85%, saving work and reducing harm to the environment. ***Hobart Corp.***

371 CROCKS AND PLATTERS

Marble octagonal crocks and platters chill quickly in refrigerated cases and are safe in temperatures of 10F to 200F. Crocks are available in 2½- and 5-lb. capacities. Platters are available in 3 sizes. ***Continental/SiLite Intl.***

372 COFFEE SYSTEMS

After a no-cost consultation, company will develop a coffee brewer that enables all coffee service (regular, decaf and specialty blends) to be brewed from 1 machine. Brewers can be customized to accommodate everything from space constraints to high volume needs to color requests. (800) 788-1883. ***American Metal Ware Co.***

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